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ABSTRACT

This document is a transcript of hearings held before the Subcommittee on Compensation and Employee Benefits of the Committee on Post Office and Civil Service, House of Representatives, into a bill requiring that allowances available to teachers in the Department of Defense Overseas Dependents' Schools be provided without regard to the location at which the teachers are recruited. Current regulations provide that differentials for living quarter allowances, transportation allowances, and other fringe benefits are to be paid to teachers recruited within the United States (but not to those hired overseas) in order to obtain the most capable and highly qualified employees to serve in the Dependents' School System. Testimony of representatives of the Department of Defense, Office of Civilian Personnel and Office of Defense Schools is presented in opposition to the bill. The American Federation of Teachers, representatives of overseas teachers' organizations, and individual teachers within the Dependents' School System present testimony in favor of the proposed legislation. (MJB)

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OVERSEAS TEACHERS

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HEARING

BEFORE THE

SUBCOMMITTEE ON COMPENSATION AND EMPLOYEE BENEFITS

OF THE

COMMITTEE ON POST OFFICE AND CIVIL SERVICE HOUSE OF REPRESENTATIVES

NINETY-FIFTH CONGRESS

FIRST SESSION

ON

H.R. 3698

A BILL TO REQUIRE THAT THE ALLOWANCES AVAILABLE TO A TEACHER IN A DEPARTMENT OF DEFENSE OVERSEAS DEPENDENTS' SCHOOL SHALL BE PROVIDED WITHOUT REGARD TO THE LOCATION AT WHICH THE TEACHER WAS RECRUITED

JULY 19, 1977

Serial No. 95–25

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(Ron McCluskey, Subcommittee Staff Director, Room B–345(d), Rayburn Building—Ext. 56831)

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95TH CONGRESS
1ST SESSION

H. R. 3698

MRS. SPELLMAN introduced the following bill; which was referred to the Committee on Post Office and Civil Service

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A BILL

To require that the allowances available to a teacher in a Department of Defense overseas dependents' school shall be provided without regard to the location at which the teacher was recruited.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Defense Department Overseas Teachers Pay and Personnel Practices Act (20 U.S.C. 901 and following) is amended by redesignating section 12 as section 13 and by inserting after section 11 the following new section:

"ALLOWANCES AND OTHER BENEFITS TO BE AVAILABLE WITHOUT REGARD TO PLACE OF RECRUITMENT

"SEC. 12. Any determination of a teacher's entitlement to any allowance or other benefit under this Act (or under chapter 57 of title 5, United States Code) shall be made without regard to whether the teacher was recruited outside or inside of the United States.".

SEC. 2. The amendments made by this Act shall take effect ninety days after the date of the enactment of this Act, and shall apply with respect to teachers recruited on, before, or after such date.

OVERSEAS TEACHERS

TUESDAY, JULY 19, 1977

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
SUBCOMMITTEE ON COMPENSATION AND EMPLOYEE BENEFITS,
WASHINGTON, D.C.

The subcommittee met at 10:15 a.m. in room 304 of the Cannon House Office Building, Hon. Gladys Noon Spellman, presiding.

Mrs. SPELLMAN. The subcommittee will come to order. We are convened this morning to begin deliberations on H.R. 3698. This is a bill introduced that will require that the allowances available to a teacher in the Department of Defense overseas dependents' schools be provided without regard to the location at which the teacher was recruited.

As all of you out there know, this is not a new issue. We have been down this path before. I know that the hearings were held in the 94th Congress and I am sure that there were some held before that. We have a committee print from the 94th Congress on this subject.

The subcommittee has determined that, because of the distinction which has been made in the interpretation of the existing law between overseas teachers hired locally and those hired here in the States, that a serious morale problem exists among teachers who are working side by side in identical jobs.

The basic reason for the problem is that the teachers currently receive widely disparate benefits, depending upon where they were hired.

The laws, although vague, do declare that their purpose is to improve and strengthen the administration of overseas activities by facilitating the recruitment and retention of the best qualified personnel for civilian service overseas. However, it is very difficult to believe that the denial of benefits to those U.S. citizens who have had to meet the same high qualifications and standards for hire and have achieved career status, but were recruited overseas, facilitates their retentions.

That's the problem that we are going to be addressing here today.

Our first witness this morning will be Dr. William C. Valdes, the Staff Director of Civilian Personnel, Office of Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics. I understand you will be accompanied by Dr. Anthony Cardinale, Director of Office of Defense Schools for Department of Defense, and Mr. William Coakley, Office of Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics.

Do come up, gentlemen. We will be happy to hear from you.

(1)

STATEMENT OF WILLIAM C. VALDES, STAFF DIRECTOR, OFFICE OF CIVILIAN PERSONNEL, OFFICE OF ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER, RESERVE AFFAIRS, AND LOGISTICS; ACCOMPANIED BY ANTHONY CARDINALE, DIRECTOR, OFFICE OF DEFENSE SCHOOLS FOR DEPARTMENT OF DEFENSE, AND WILLIAM F. COAKLEY, OFFICE OF ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER, RESERVE AFFAIRS, AND LOGISTICS

Dr. VALDES. Thank you, Madam Chairman.

Mrs. SPELLMAN. And again, please accept my apologies. We were working with Burt Lance this morning and there were a number of things that we needed to get from him so I didn't dare walk out.

Dr. VALDES. I'm certain that if it involved Mr. Lance it would be important.

Mrs. SPELLMAN. It was indeed and very delightful, too. I'm finding him an excellent person to work with, very understanding, and so far he has said "yes"; which puts him on top of the list. The first time he says "no," I may have to change my thinking, but I hope that doesn't happen.

Dr. VALDES. I'm afraid, Madam Chairwoman, I'm not going to start at the top of the list.

I believe you do know Dr. Cardinale, to my right, who is the Director of the Dependent Schools System, and Mr. Coakley, who is on my staff, as personnel management specialist on overseas matters. I do have, fortunately, a brief statement which I will be glad to read or summarize, whichever you prefer.

Mrs. SPELLMAN. Whichever you are most comfortable with.

Dr. VALDES. The Department of Defense Schools System, which Dr. Cardinale heads, has been in existence since 1946 and currently is one of America's largest school systems, exceeded in enrollment by only a few other school districts. It consists of approximately 300 schools—200 elementary and 100 junior and senior high schools. These schools are located in 27 countries throughout the world with an enrollment of approximately 150,000 students and a staff of approximately 7,500 educator personnel.

Teachers in the Department of Defense Overseas Dependent Schools System receive overseas allowances and differentials on the same basis and under the same rules as other employees of the U.S. Government stationed in overseas areas.

The regulations governing these allowances are issued by the Department of State in the "Department of State Standardization Regulations." These regulations do not authorize the payment of a differential or the grant of a living quarters allowance to locally hired employees except under unusual circumstances.

The intent of the differentials and allowances is to provide incentives which will make it possible to recruit in the United States the most capable and highly qualified employees to serve in overseas positions.

The various allowances and the differentials provided in title V stem from the Overseas Differentials and Allowances Act of 1960. The post differential and the living quarters allowances are provided to U.S. citizens in foreign countries as a recruitment and retention incentive. The cost of living allowance is provided, as needed, to offset

those additional expenses incurred because of service in areas where living costs are exceptionally high.

There is no justification for payment of recruitment and retention incentives where individuals have already taken up residence in a foreign area for their own personal convenience prior to being employed by the United States.

Some individuals travel overseas with the hope of enhancing their employment opportunities and avoiding competition with other applicants available in the United States, while other locally employed U.S. citizens may have been local residents for a considerable length of time and are seeking to obtain employment which will enhance their potential to remain in a foreign area.

Others are dependents of military or civilian employees of the Department of Defense or other Federal agencies who are in the area as a result of the assignment by the Federal Government of a family member in the area to carry out the programs of the U.S. Government.

While these locally available persons are utilized, as appropriate, it does not follow that they should thereby automatically become eligible for the benefits designed as recruitment incentives for employees recruited in the United States for assignment overseas. Offering these allowances to persons who are already in a foreign area for their own convenience and seeking employment would be inconsistent with the basic intent of the allowances and would constitute an unwarranted expense to the Government.

Persons residing in foreign areas who seek and obtain employment at Department of Defense activities abroad are fully apprised of the fact that they are not entitled to living quarters allowances, post differentials and transportation agreements when they are employed.

Employees hired locally do, however, receive the cost-of-living allowance, known as the post allowance, if one is authorized for the area. This is intended to adjust compensation of employees serving at a post where the cost of living is substantially higher than in Washington, D.C. It is a balancing factor designed to enable personnel serving abroad to maintain roughly the same level of real income as they would have if they were living in Washington, D.C.

The cost-of-living allowance is based upon surveys of costs in the area for food, clothing, transportation, medical care, personal care, recreation and certain household furnishings and operations.

The policy governing overseas differentials and allowances applies to all employees of all Government agencies assigned in foreign areas. It is not just locally hired teachers who are not authorized the post differential and living quarters allowance. H.R. 3698, therefore, would put school teachers hired locally in a preferred position to other employees hired locally in overseas areas, including employees presently employed in and outside of the Dependents School System.

Section 2 also apparently would make the benefits of the bill retroactive so that any teacher employed in the past, possibly including those no longer on the rolls, would be entitled to these benefits from the date of initial employment. Such a retroactive provision not only would create serious administrative problems in determining eligibility for benefits, but would be wholly unwarranted since these benefits were not a condition of their employment when teachers hired locally accepted their positions.

We do not have specific current information available regarding the total number of employees who are local hires. We do have statistics on those who were hired last year. Overall, we had about 30,000 U.S. citizens in foreign areas. It is estimated that about 12,000 of these employees, most of whom are dependents, or hired locally.

Last year 1,067 teachers were hired locally. Of this number 942 were dependents and 125 were not. Thus, the bulk of the local hires, being dependents, already receive housing support and transportation entitlement, based upon dependence.

I would like to reemphasize that the policy of not offering these differentials and housing allowances to locally hired personnel is a Government-wide policy and not one that applies only to teachers. This policy was recently reexamined by the Interagency Committee on Overseas Allowances and Differentials, a committee chaired by the Assistant Secretary of State which has on it representatives from all of the Federal agencies who have employment in foreign areas. That committee has just released its report. The interagency committee reexamined this question as to whether local hires should receive the benefits and allowances, and unanimously agreed that there was no basis for extending these allowances to such personnel.

This concludes my statement, Madam Chairwoman, and I am glad to try to answer any questions you may have.

Mrs. SPELLMAN. Thank you.

I wonder if you would be good enough to submit that report for our use. Do you have a copy?

Mr. COAKLEY. It just came off the press. I think you will be given a copy of it officially.

Mrs. SPELLMAN. Thank you very much. We would like very much to have it.

Your testimony here indicates that teachers are advised of the fact that they are not entitled to living quarters allowances, post differentials, transportation when they are employed and already living abroad.

Do I understand that that kind of advice has been given to them only in the past year?

Dr. VALDES. Well, no. In the last year we initiated a form which they are required to sign which specifically indicates that they understand that they do not have these allowances.

Mrs. SPELLMAN. That they do understand that?

Dr. VALDES. Prior to that time, there were teachers that contended they did not know or did not understand they were not going to get these allowances.

Mrs. SPELLMAN. There is no question today?

Dr. VALDES. I don't see how there could be. And, of course, there are two sides to this employment contract, and the employee has a responsibility to inquire into what his pay is going to be and what his allowances are. But in this case we have gone to the extent of having employees sign a piece of paper freely stating that they understand.

Mr. COAKLEY. That was a recommendation——

Mrs. SPELLMAN. From the subcommittee.

Mr. COAKLEY. From the last time we looked at this.

Mrs. SPELLMAN. Is it now in effect? Your testimony indicates that the granting of these benefits would be unwarranted and unjust and would put teachers in a preferred position.

Isn't it true that they received those benefits under the same laws until 1971, when the regulations were changed?

Dr. VALDES. The regulations never provided for all local hires to get these allowances. There were some exceptions in the regulations, one of which had to do with persons who were students or tourists temporarily in the area. The regulation apparently endeavored to make a distinction between persons who would otherwise have been recruited from the United States.

It must have been a very difficult thing to administer and, to be perfectly frank, it put a premium on lying. An individual would come in and say, "I'm a tourist. I didn't come here seeking employment." He was in a better position than someone who came in said, "Well, frankly, I came over here to look for a job." So that exception was taken out of the regulations.

Mrs. SPELLMAN. I can understand to some extent what you are saying. But we are attempting to entice people to go over there, trying to recruit good people. If you recruit equally good people who are already there, then what is the point of penalizing them if they are already there?

Dr. VALDES. It's not a matter of penalizing them. First, their compensation is set in relationship to the salaries of persons—teachers in the United States. They receive in addition, if it is a high cost of living area where living costs exceed the costs in Washington, D.C., an additional amount to equalize that higher cost; so their compensation is fair and it's set in relationship to that which is paid teachers in the United States.

The recruitment incentive allowances pay for a person's housing and post differential, these are things which are intended to make it attractive to people in the United States to give up their homes and leave their area and take a job in an overseas area. They were never intended to be given to people already over there, and it constitutes an unwanted expenditure which we do not feel is either needed or appropriate.

Dr. Cardinale has a hard enough time making his budget come out right without adding expenditures which are not needed or required, or we think intended by the Overseas Differential and Allowances Act. And, apparently, that's also the view of all the other Federal agencies which have recently just looked at this.

Mrs. SPELLMAN. Do you try to get people who are already overseas, and then seek additional people from the United States, or is it the other way around?

Dr. Valdes. There is a sequence of hiring of persons who are already there, transfers, and then local hires, because they are cheaper and locally available. As far as dependents are concerned, it serves a fine national purpose. It supports our volunteer force and gives these people opportunities for employment when they're assigned to a foreign area. Last, we have recruitments from the United States.

Mrs. SPELLMAN. So that the idea would be only when you have exhausted the other areas would you start recruiting in the United

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States, and then in order to get those people to go, you would offer that additional cost of living adjustment?

Dr. VALDES. Right.

Mrs. SPELLMAN. I'm looking to see whether there are any of the other things that we need to know.

Can you give me an idea, with some figures, approximately what the mix of teachers we are hiring today is—locals versus those here in the United States?

Dr. VALDES. Well, last year out of about 1,000—942 were dependents, 125 were not, so that would be the total of local hires.

How many were hired in the United States?

Dr. CARDINALE. We had about 350 teachers hired in the United States.

Mr. MCCLUSKEY. This was last year?

Dr. CARDINALE. Yes, last year.

Mr. COAKLEY. For this current school year.

Mrs. SPELLMAN. That's 3 to 1 then, approximately.

How long are the contracts for?

Dr. VALDES. Well, the term "contract" is perhaps a little misleading It's a transportation agreement and the length depends upon the area into which they're being assigned and in Europe it's 3 years.

Dr. CARDINALE. Two years.

Dr. VALDES. Two years in most locations. There are some 1-year locations.

Mrs. SPELLMAN. What sort of location would those be?

Dr. VALDES. Bahrain would be a good example of 1 year.

Mr. COAKLEY. Midway Island in the Pacific. Iceland; Goose Bay, Labrador; it is always tough to recruit for those areas.

Mrs. SPELLMAN. Tough places to keep people.

Once a teacher has been hired here in the United States, he or she would continue to keep the benefits?

Dr. VALDES. That is correct.

Mrs. SPELLMAN. As long as he's there.

Dr. VALDES. Yes.

Mrs. SPELLMAN. Now that we have him over there—let's say that we have somebody from Naples—we get someone over to Naples from the United States and he's there on a 2-year contract. Now, the contract is renewed. Does he continue to get that cost of living adjustments?

Dr. VALDES. Yes, he continues in employment under the same conditions under which we hired him; and when we hired him we offered him these kinds of allowances and benefits to serve in an overseas area.

Mrs. SPELLMAN. Suppose he wants to move to another job within the system; he still would retain the benefits?

Dr. VALDES. Yes.

Mrs. SPELLMAN. If he decided he'd rather be teaching in Paris than in Naples, what happens then?

Mr. FORD. We have moved out of there——

Mr. COAKLEY. We got thrown out of France in 1967.

Mrs. SPELLMAN. Sorry about that. I picked the wrong spot. Let's say he wants to go to England.

Dr. VALDES. Well, there is an interarea transfer program. It's not entirely at the teacher's preference. It's in accordance with management needs, and teacher's preferences are taken into account; and if we have a position for which we need such a person, they can be transferred.

Mrs. SPELLMAN. And when he is, he keeps his additional benefits?

Dr. VALDES. Yes.

Mrs. SPELLMAN. Good. I think you have answered my question.

Mr. Ford, would you have any?

Mr. FORD. I sure do.

Mrs. SPELLMAN. He probably knows all about it and would be telling you a thing or two.

Mr. FORD. We have at first, Madam Chairman, a serious jurisdictional problem. I'm on a subcommittee that has spent over 12 years working with the DOD schools on oversight, and finally a few years ago we were able to legitimatize what had been the encroachment on our jurisdiction on what was regarded by the Armed Services Committee to be its own domain.

During the past 12 years, we have literally written volumes of material about the status of the DOD school system. In 1965 the committee found at least three places where the teachers were ready to go on strike, and were waiting for us to come and settle their labor problems.

We weren't able to settle their labor problems, but we did convince them that the strikes that were scheduled in 1965 in Naples, Madrid, and one other place should not take place.

We had the experience of stopping on Wake Island and having all the teachers quit when they met us at the airplane—that is, until we explained to them that we were from the legislative branch and we weren't looking particularly at the very special kind of school they had there. The school was not run by you, but by the FAA. We explained that they would have to wait until somebody came there from the Cabinet so they could quit.

The schools were in an abominable situation in the 1960's. There were great changes made, but at the heart of the change that developed over the years was the idea of turning the teacher corps of the DOD schools into a professional corps that had some sense and logic to it.

This committee, under a bill introduced by Mr. Udall and myself and some others in 1965, changed the pay methods for the teachers. We took them off the regular GS schedule and put them on a school year basis, and started payment at a rate of pay which is not determined the same way as other civil service pay, but is determined on a compilation of the average teacher's salary in the 100 largest school districts in the country.

There had been some controversy in revent years about the time lag that's involved; but nevertheless there's an automatic compensation system which was a part of an effort by the Defense Department and Congress to get this school system into a professional status and separate it from the kind of considerations that overseas civilian personnel had to be confronted with in other kinds of occupations. And it had been stated policy in a variety of ways by the Congress, for at

least a decade, that overseas school teachers were not to be in every instance treated like other civilian employees.

It was the overseas schoolteachers, for example, who drew to the attention of Congresswoman Patsy Mink, and I think Congresswoman Martha Griffiths of Michigan, the discrimination that formerly existed in determining dependency.

While there never could be found an official written regulation to this effect, a male schoolteacher simply declared that he was married and became qualified, as did junior officers in the military, for various benefits for him and his dependents.

His wife, if she was Henry Ford's daughter, was presumed to be his dependent: but a female teacher had to, at the beginning of each school year, not only show her marital status but take a pauper's oath showing that in fact her spouse was dependent on the schoolteacher for support as a condition to getting the same benefits.

That was changed only by finally forcefully bringing to the attention of the overseas civilian personnel officer that there was no such regulation. It was a custom that grew up over a period of time.

There are a lot of these things, but as I came in you were talking about some of the remote stations. Our committee had the experience of talking to schoolteachers in places like Korea, Iceland, and others that are not considered to be desirable places.

The housing in the Korean situation, when we saw it 10 years ago, was as bad as any in the entire world. And there we ran into a schoolteacher who had first taught at Iceland and applied, of course, when she first came with the system, to go to Germany; then applied again for a transfer from Iceland and, after serving 2 years in Iceland—although at that time I think the rule was 1 year, and you had a right to transfer—the second year was served with the expectation that that would increase her potential to go to Germany, which was her No. 1 desire.

When we encountered her, she was located about halfway down below Seoul in the southern part of the island.

Mr. COAKLEY. Taegy?

Mr. FORD. The location is quite famous for the really rotten, lousy conditions we found teachers living in. They violated every kind of a regulation for human habitation.

And she still is trying to get to Germany. Now, why couldn't she get to Germany?

We started digging into it and we found out she couldn't relocate in Germany because she had not gone to Germany as a tourist and used whatever methods to become acquainted and get hired locally. And, in fact, there is such a large percentage of persons hired locally in the more desirable tourist attraction places, where outside knowledge of the system would lead people to want to go.

In Naples, there's a different kind of a situation that mitigates against very many transfers. We found that over half of the teachers in Naples were married to local nationals at one period of time.

Mrs. SPELLMAN. I'm going to warn my husband.

Mr. FORD. We have teachers in parts of Germany that stayed with the system until retirement—20 years—without ever moving and who never had any desire to move. England was the same way. And part of it is this business of marrying local nationals, and settling in.

At one time, the former President, then a Member of Congress—the other Ford—had a proposal that no teacher should be allowed to stay in one place for more than 5 years, because they became foreign-oriented. He believed they should have come back to the United States to be re-Americanized. We rejected that proposal, of course. But over the years, there have been a number of proposals and attempts made by the people administering these schools to find out how you could establish mobility for the purpose of rotating people and keeping them from going stale, and also giving people an incentive to stay in the system by getting experience overseas and making it a career.

And as long as it's possible for us to recommend: "The best way to get a job with the DOD is not to apply for it, but take a trip to wherever you would like to go and then shop around." And then we have to tell them further that the best time to be over there is in the summer. You will find that there's a practice of holding back on vacancies—and it's widespread throughout the world—to take advantage of this influx of tourists and hire them locally as teachers.

We had the problem, Madam Chairman, for a period of time, when a Senator, a member of a Senator's staff believed he was going to be balancing the budget by finding a way to hire all teachers outside of the country and then not pay the extra cost of transportation and other benefits. So we went through a period in which there was a high priority placed on local hires by the chairman of the Armed Services Committee in the Senate.

Later the idea of the all-volunteer services surfaced, and there already had been implanted the idea that a dependent wife serving with a career military person had a prior claim to available local hire jobs. That made an awful lot of sense to those people who thought it was a cheap way to get teachers, because they were already there and you did not have to pay for their transportation and other special benefits. And for a whole variety of reasons, this whole question has gone back and forth over the years with varying degrees of pressure coming from the two Houses of the Congress on these administrators who try to go in one direction or another.

The problem I see with this kind of legislation is that if you make it possible to continue to bypass the recruiting system and permit hiring in a more desirable part of the world and then over a period of time let these people acquire all the rights they would have acquired if they first went to Iceland, then to Korea and then to Timbuktu, and ultimately got the station of their choice. If this is permitted to occur nobody is going to be hired by the appropriate procedure.

The Subcommittee Elementary Secondary and Vocational Education also found that one of the characteristics of local hires is they're all very fine people. But there is not nearly as much correlation between the local hires, professional capacity to teach the subject matter that they end up teaching as there is with the teacher who is recruited and transferred in the normal way. It is not nearly as preferable as the system in place in your school district and mine, in which they take into account seniority, additional educational accomplishments and the subject matter with which that person has experience. This is a more professional approach.

But all of that goes out the window when you hire people on the spur of the moment, and then freeze them into the system so that you can't transfer.

The whole idea of abolishing local hires has little or no merit because schools in many parts of the world would be in very, very bad shape. You would not be able to start school in September, would you? You have to have some flexibility to hire teachers under various circumstances. For whatever reason, there are frequently times when there are not enough teachers hired at the time that school starts.

Not the least of the problem is what happens if we move an Air Force unit from someplace where there are a number of dependent wives who have been teaching. When we transfer the unit out with the husbands, we automatically transfer the teacher out as well. This is a circumstance that isn't always known to the people in the school system very far ahead of time. Often recruiting and transfer decisions have already been made, and suddenly the system finds itself having to do the best it can.

But then after this teacher gets into the system for 1 year, we are confronted with the issue of setting priorities on transferring teachers from different locations. My friends in both the federation and the Education Association have incidentally done a 180 degree turn on this issue. I suspect it has something to do with the numbers of people who now belong to their organizations overseas and who are in this status. They say that we should forget about their member who is up in Timbuktu and his or her desire to get to the Promised Land, and take care of the person who has been locally hired and treat them as if they had come through the whole system.

It was the unanimous view of both Democrats and Republicans on our committee who analyzed this issue over a period of years—and I think if you talk to Congressman Jim Hanley, who preceded you into getting into this legislation, and before that, Congressman Udall, you will find that we continually have been deeply concerned about how you permit the continued hiring of dependent spouses and other kinds of local hires, and still maintain the integrity of a system that will say to a person, "If you play by the rules, we are going to play fair with you," because the system does not now play fair with a teacher who plays by the rules. And I say this in front of you.

I have had a long, very direct contact with the Office of Defense schools. If a young person from my district, looking for an overseas teaching job came in today, I would not tell him or her to file an application with you. I'd suggest that the quickest way to get a position would be to board a plane right now. Where would you like to go? Germany? England? Get over there and your chances are much better of going over this summer as a tourist and having a job this fall in Europe than if you apply.

How many applications have you got backed up now?

Dr. CARDINALE. About 3,100 applications.

Mr. FORD. What would you say the chances of an elementary teacher applying now for next school year and specifying Europe or Japan would be of getting either of those assignments?

Dr. CARDINALE. Very, very small, applying through our office in Elementary Education.

Mr. FORD. How many local hires will you have in Europe this summer?

Dr. CARDINALE. It will probably be about 1,000, maybe 1,200. That would include the dependent wives and the nondependents.

Mr. FORD. So, if we stop all local hiring, we could clean one-third of your waiting list up right now, couldn't we?

Dr. CARDINALE. Yes.

Mr. FORD. And that's how it is—at the bottom line, the Office of Defense Schools will hire as many as one-third of all the people who are playing by the rules and waiting for their chance in one place, just in Europe, and you've got 3,100 for 27 countries?

How many of the 3,100 do you suppose pick either Japan or Germany as their first choice?

Dr. CARDINALE. Japan, Okinawa, Korea—very few. It seems the mecca is—they want to get to Europe; they want to get to England, Germany, and to Greece. And for many reasons.

Mr. COAKLEY. Actually, under the new system we've got, though, we don't permit them to specify any longer what their particular desires are.

Mr. FORD. They have to come in and then apply for transfer?

Mr. COAKLEY. Yes.

Dr. CARDINALE. Yes.

Mr. COAKLEY. And if they do accept a hardship area, they get bonus points for transferring out of the hardship area into a more favored area.

Mr. FORD. And there's a priority for transfer from within Europe to within Europe, from within Atlantic to and within the Atlantic, and from and within the Pacific to and within the Pacific?

Mr. COAKLEY. Right.

Mr. FORD. And the next priorities are across those lines?

Mr. COAKLEY. Right.

Mr. FORD. So, if you are stuck in Korea and want to get to Germany, you are way down on the list, aren't you?

Mr. COAKLEY. Well, you need to go back to visit Korea, Mr. Ford. A lot has been done in Korea since you were there.

Mr. FORD. I'm using it as an example.

Mr. COAKLEY. Teachers in a true hardship area stand a much better chance today of getting out of that area after 1 year, unless we are in a draw-down situation and are closing a lot of schools and have a lot of excess teachers in the system.

We try to take care of our current teachers first, but you know, we used to hire probably—2,000, 3,000 teachers a year.

Now, we are down to about 1,000, the majority of which are hired locally because of the dependent situation. I think Dr. Cardinale said a minute ago that last year, not counting dependents, only 501 new teachers were hired into the system, 359 in the United States and only 142 hired abroad.

So that, really, the teacher you are sending abroad now as a tourist to get hired would actually stand a better chance applying through the U.S. program.

Mr. FORD. Not of getting to where he or she wants to teach, but a better chance of getting a job.

Mr. COAKLEY. Getting a job in the system anywhere.

Mr. FORD. In the system, but not getting to Europe.

Mr. COAKLEY. Right.

Mr. FORD. How many of the teachers now in Germany are local hires and how many of them came otherwise through the system?

Mr. COAKLEY. I don't think we have that figure, but we could probably get it.

Mr. FORD. Wouldn't that give you some kind of a significant pattern of how this has worked over a period of years?

Mr. COAKLEY. They migrate to Germany over a period of time. The long-term teachers will ultimately end up in the spots that they considered to be favored areas—Germany, other European assignments.

Mrs. SPELLMAN. May I ask a question. The person going overseas as a tourist and who is hired there, would he get the cost-of-living adjustment?

Mr. COAKLEY. Yes.

Mrs. SPELLMAN. That's because he isn't already actually living there?

Mr. COAKLEY. If the cost-of-living allowance is authorized for an area, under the State's Department program, everybody employed in that area on a full-time basis gets the allowance. It makes no difference whether you were hired locally or hired in the United States, and it includes both teachers and other Government personnel.

The cost-of-living allowance is not paid in all that many locations. The only locations I can think of are a few isolated areas in Germany where we do not have PX's and commissaries and they have to do most of their buying on the local market. This is in the northern part of Germany—around Bremen.

The cost-of-living allowance is authorized there.

I don't believe there are many other locations in the European area where a cost-of-living allowance is authorized. Everybody would get it if it were authorized.

Mrs. SPELLMAN. If he's there as a tourist, will he get the housing and the medical?

Mr. COAKLEY. He gets medical benefits. The only difference between a local hire and a U.S. hire is in the area of transportation and housing.

Mrs. SPELLMAN. Transportation and housing? Even though he's only there as a tourist and doesn't have housing and doesn't have transportation, he would have to come back to arrange for transportation? He wouldn't get that?

Mr. COAKLEY. No. If they are already there, you know there is no need for the Government to pay transportation expenses that have already been paid—we didn't send them there; we don't need to send them back.

Mr. FORD. That's why the Senator used to try to get you to hire locally, because he thought we were going to save all this money on transportation.

Mr. COAKLEY. It is rather costly, Mr. Ford.

Mr. FORD. He used to be outraged about shipping furniture for a young lady, particularly—a young man should take his furniture with him, but not a young lady.

Mrs. SPELLMAN. You've got to be kidding. I would think it should be the other way around.

Mr. FORD. You should see some of the horror stories about all these teachers going overseas with their Cadillacs. It's all nonsense, but it used to float around this Hill all the time.

Mrs. SPELLMAN. I don't quite understand the tourist situation because a tourist hasn't brought his furniture over yet, and he hasn't got housing, and yet we deny him that just because he was hired when he was over there.

Mr. COAKLEY. Well, local available candidates overseas include tourists; they include people who have lived there for some time; retired military, people who may be dependents of employees of U.S. business interests, you know, other U.S. business people in the area.

Actually, the tourist is probably the smallest part of the number of local hires. Of course, dependents are by far the majority, and they have had their household goods already shipped.

Incidentally, they would gain from your bill.

Mr. FORD. The dependents would?

Mr. COAKLEY. How they would benefit is that we now permit two employees to both qualify for allowances, if they are both eligible. The man in the service gets an allowance because he's in the service and your bill would then create an entitlement for a local hired spouse, who is already receiving housing benefits.

The way it would work is that they won't get the money and would not be able to pocket it, but they would be able to live in more prestigious quarters. They could add their allowances together and move into a higher class of quarters.

Mr. MCCLUSKEY. I think, if you recall our hearings on this same bill last year and remember Mr. White's comments in the committee's print, it says basically the same thing. It is not the desire of this committee that duplication of benefits be given public or private. So, I don't want you to think that.

Mr. COAKLEY. We appreciate that.

Mr. MCCLUSKEY. It's not the intent of the committee.

Mr. COAKLEY. Particularly on the private enterprise side, though, it is going to be difficult for us to find out what Esso is giving their employees and for us to make a determination as to what we should give the spouse. It is probably private information, which they just are not going to give us. It would be unavailable to us.

Mrs. SPELLMAN. On the other hand, we held hearings on cost-of-living adjustments and in one situation if a member of the family has access to commissaries, PX's, and so forth, his cost of living will be cut.

We had very eloquent testimony from a young woman who said: "Look at me. I'm a person. I'm a whole person, regardless of whom I'm married to. I'm no less a person because I'm married to a staff sergeant in the Army. Therefore, when I do work, I should get paid a proper salary for that work, the same amount of money as a person working right beside me, who might not be married to somebody in the service." She made the point that she is a person, over and over again.

Mr. COAKLEY. If you look at it from that point. But if you go back and look at the intent of the law. Why did they pass a law creating a cost-of-living allowance, particularly for Hawaii? The person you're

talking about is able to pocket the additional money since they do not need it to make them even with the other person. They are then able to sock it away, because they do have these special benefits and are able to shop in the commissaries and the PX at considerably less expense.

Whereas, the other family does not have these special purchasing privileges and they have to spend their cost-of-living allowance. I'm sure you have heard this in Hawaii. So you can look at it from both directions. Certainly both sides have a point, but you need to look at the intent of the law.

Mr. FORD. But, isn't it true now that the only distinction between the NTE and the regular employee is that the regular employee is already getting this benefit?

Mr. COAKLEY. On cost-of-living allowance?

Mr. FORD. No; on any of the benefits. The only benefit differences that would be addressed by the legislation before this committee is the——

Mr. COAKLEY. No, sir, not the NTE. When he becomes a permanent employee, he would not gain entitlements to these benefits. You know, once a local hire, always a local hire.

Mr. FORD. Presently?

Mr. COAKLEY. Yes.

Mr. FORD. But this legislation changes that.

Mr. MCCLUSKEY. This legislation, Mr. Ford, says once they become career status, if they are going so far as to make them career status, then they should be on an equal plan.

Mr. FORD. You see, what it really comes down to for some of us is the difference between whether you can go where they need you, for example on an Air Force base, and become an E5 or an E6 because they need your skill and acquire the same rights as somebody who went through boot camp, and took a whole baloney that went with it to get up to that status, and then from that point on have a parallel career. You have already got the big jump and you have to get there and talk to some of these people with rock fever to see how intensely they feel about the unfairness of repeatedly applying for, and seeing their friends apply for transfers to get out of that place that they dislike.

And they consider themselves to be loyal people who have made a contribution by teaching under adverse conditions such as up to their ears in snow, in some places most of the year, and that sort of thing.

If you talk to those people, you get an entirely different view about what fair play is for people who are overseas.

Dr. VALDES. This is one circumstance, Mr. Ford, where locally hired teachers could acquire these allowances. If management needs them in one of these undesirable locations, and desires to offer them assignments to that area, and the employee is willing to go, he could then acquire the allowances and the transportation agreement that other people have. That, in effect, is using these allowances as a recruitment incentive.

Mr. FORD. Who makes the decision now, as of today? You are in some kind of reorganization, as I understand it, at the present time?

Dr. VALDES. Always.

Mr. FORD. That's true.

Mrs. SPELLMAN. A constant state of flux.

Mr. FORD. We went through a period where we got reorganized back into Washington, and then little by little, it shifted back out. We got you reorganized away from having three school systems run by three military services that were very, very different. Not only were the benefits to the employees different, but the programs for the kids were different.

For example, the Air Force devised methods to provide kindergarten for years before it was available to dependents in most places in the other services. At least they didn't have to be in the Air Force, but they had to be in Air Force administered schools, and they used nonappropriated funds to run a kindergarten program. This happened about 7 or 8 years ago.

But we forced them to put universal kindergartens into the system for all three services, and you would think we were pulling teeth. It was some radical kind of approach. It made no sense to the Education Committee.

There was a system in which it depended on whether you could afford to send your child to the equivalent of a private kindergarten, whether that child was entering the first grade with or without kindergarten.

The same thing happened—and it came very forcefully—during operation "Free Lock" when we were moved out of Paris. We had literally thousands of kids there, including very substantial dormitory schools.

These kids came from all over the place and we ran into people who were using the same funds they would have otherwise put aside for college to pay the cost of transportation and maintenance in the dormitories while they went to school.

We finally got that changed by Congressman Mendel Rivers. Mendel Rivers made the change so that the dormitory costs were covered. I don't know what the status is now. Are transportation costs covered?

Dr. CARDINALE. We have the transportation for the students attending 5-day dormitory schools. We have legislative authority for the civilian dependent for 7-day dormitory school, but we have no authority to send or pay for the transportation of a military dependent going to a 7-day dormitory school.

Because of that, we have not yet paid the cost of transportation for youngsters who have to go to 7-day dormitories. Five-day dormitories we pay the cost of round trip transportation 36 weekends.

Dr. VALDES. To answer your question, Mr. Ford, as to who is in charge, Dr. Cardinale is now in charge.

Mr. FORD. Who does the hiring overseas?

Dr. CARDINALE. We do that through our office, too. We do the recruitment, selection and assignment, of all teachers who file through our office.

Mr. FORD. At what level does the hire take place in local hiring?

Dr. CARDINALE. That can be done at the school level, at the district level, or it can be done through the regional level, depending on where this person is located at the time he/she is filing an application.

Mr. FORD. In point of fact, if for whatever reason there are 15 vacancies in a school when the school is ready to start, that principal can hire 15 people from off the street; can't he?

Dr. CARDINALE. He could very well. But we have tightened it to such a point that they must come in to us with all of the known vacancies that they will have at that time.

Usually during Christmas or just before Christmas every teacher in the system is asked, what is your intent for the next school year; are you going to resign; do you wish to transfer, if you are eligible; are you going to stay in the same school? You know, what is it that you want to do.

Based upon that, early in April, usually the first week in April, we will get from all three of our regions their known requirements at that time; that they are going to have so many vacancies, secondary, whatever the case might be, and then that is done after they have gone through the inter- and intra-area transfer program for eligible people, and then hold all of their local hirers as to any vacancies still remaining; can they be filled by local hires, and then, after that, if they still have vacancies, then they will come back to us and say, we need so many people.

Sometimes they are canceled. They do find a local hire and they will cancel that request in my office and we just have to eliminate it because they have found a local hire for that job; or, vice versa, if they had a local hire and the husband is transferred or if the husband works for private industry and he has since transferred, then they will scratch that job and put it on requisition in the States.

Mr. FORD. So you are saying this year about 25 percent of the new teachers came from that pool after all the other alternatives were exhausted?

Dr. CARDINALE. We had requests to fill about 550 vacancies. About 30 of these vacancies were subsequently canceled, for whatever reason. We transferred about 123 people between geographical areas, and then picked up a number of local hires. We are in the process of hiring in the States about 350 people who we will be sending over, and we still have about 30 vacancies.

These are some unique combinations, where the person has to have home economics and be a nurse or teach industrial arts and grammar and you have to find people with these combinations.

Mr. FORD. It was almost 35 percent of the new teachers last year that came from local hire?

Dr. CARDINALE. Yes.

Mr. FORD. It was higher a few years ago; wasn't it?

Dr. CARDINALE. It was.

Mr. FORD. So you are reducing it annually, but you are also reducing the number of teachers in the total you are hiring.

Dr. CARDINALE. That is right. At one time not more than 4 or 5 years ago we used to hire as many as 2,700 new people into the system. You can see it is down to less than 400 new people.

Mr. FORD. The incentive to come back from Iceland and teach disappeared with the jobs here. There is no place to come back to. The turnover in our system a number of years ago used to be as high as 35 to 40 percent.

Dr. CARDINALE. In Iceland, as you well know, Mr. Ford, it used to be 100 percent turnover every year, because the teacher could not

transfer and they did not want to remain another year in Iceland or Midway Island, so the only alternative was to come back to the States side system.

The turnover now is less than 10 percent. They are staying longer, but they do want to transfer. We have negotiated a transfer program with the Overseas Education Association, and it is binding, and it is to give priority to the people who are in the isolated areas. They get so many different points and this makes them eligible to transfer into perhaps a little better area.

Mr. FORD. At least 10 years ago, the Overseas Education Association became part of the NEA, with the urging of Dr. Bartlett and others who perceived in this system a great potential for cross pollination of education. He saw a great resource not being utilized—that a teacher who stayed 20 years in a particular town in Germany was sort of lost to American education. On the other hand was the teacher who, during the period when jobs were available in the United States, was encouraged to return with that foreign living experience and take it into a classroom as a valuable asset.

The National Education Association started negotiating their contracts at the local level with a provision that permitted a teacher to leave, go to the Department of Defense system and retain seniority rights and other rights, in an attempt to keep them in line where they would have been had they not left the local system.

I don't know whether the federation contracts do that or not, but I think it is fairly common to have variation of that.

In Michigan almost all teachers' contracts include a provision for retention of seniority rights.

Dr. CARDINALE. We have been successful in working with State legislatures to get about 24 of the States—Puerto Rico, the District of Columbia, and some of the other territories—to not penalize the teacher who is overseas with us or with Dr. Minnin's operation, to be penalized on the salary schedule and seniority, and we have another program going where we are appealing to all of the chiefs of State school officers to assist through legislation to prevent this from happening—when the teacher comes back to the school system they are picked upon a salary schedule and seniority and so forth, as if they had been there from the beginning.

Mrs. SPELLMAN. That makes good sense. May I ask two questions and then we will be moving on, because we have three more witnesses.

Your standards are the same whether you recruit these people abroad or whether you recruit them here?

Dr. CARDINALE. Yes, ma'am. We have a set of standards that were issued from my office, and we have given authority to the three regional directors that in an emergency situation they can waive the requirement of either the 1 year of prior experience or if we need a person well qualified in math, but an hour or two from their degree but we need the person urgently, they can waive the requirement.

We don't like to do it, but I made the provision if this happens.

Mrs. SPELLMAN. You would not waive the requirement if there was someone available here in the States?

Dr. CARDINALE. No.

Mrs. SPELLMAN. It would be just if you weren't able to get someone through any of the channels?

Dr. CARDINALE. We can waive the requirement here or we can authorize the three regional directors to do it in an emergency situation. It has to be a very extreme emergency.

Mrs. SPELLMAN. I must admit that as I sit here and listen to what you are saying, much of what you say makes sense. We ought to aim more in order to induce people to go over and so that makes sense.

On the other hand, I can see a moral problem that develops when two people working side by side are getting different benefits. Would that not all be solved if you just paid enough in the first place, so that people would be willing and anxious to go over and you would then be paying the same amounts to people whom you hire abroad. That way they are working side by side, getting the same amount of money.

Are we not really saying that what we are doing is not paying enough, so that we have to add the benefits?

Dr. VALDES. Your question really goes to the heart of the entire overseas differential and allowances system, which applies to all government employees, including State Department people who are assigned overseas, and AID. There is a long history of development of that system of allowances to, one, provide recruitment and retention incentives, to attract the very best people from the United States to serve in overseas positions, and, two, to make adjustments to fit the very special conditions which exist in foreign areas.

And one of the purposes of this committee that I referred to before—the Interagency Committee on Overseas Allowances and Differentials—was to take a fresh look at all of these allowances and how they are being administered.

And the conclusion and findings of that committee are in the report which we just turned over to you. And I think that will explain some of the background and some of the reasoning why we do it that way, rather than simply through a salary system.

Mr. FORD. But the chairman's question is predicated on the assumption that it is difficult to get people who want to go overseas and teach, and that is the reverse of the situation. It has not been difficult for at least 15 years, even during the period when there were plenty of jobs and an expanding system in this country. There was always a surplus of applicants for your system.

You suggested that two teachers work side-by-side in DOD and get paid differently. That is not true. No matter how they are hired, they are one the same salary schedules.

Dr. VALDES. True.

Mr. FORD. The only thing you are talking about is fringe benefits.

Mr. COAKLEY. That is right.

Mr. FORD. And that is a status question.

Mr. COAKLEY. And the same problem we have with the cost of living hearing we had in Hawaii. People look at that as a part of the salary and part of pay and, as Mr. Ford says, it is not.

Mrs. SPELLMAN. Yes. But unless you keep them in different pockets, the effect is the same.

Mr. COAKLEY. What we have to do with this allowance thing is to keep them in different pockets.

Mr. FORD. They also pay for other schools that they don't run and that is another problem that we get into with the teachers' salary.

In Thailand, for example, the student population was over 80 percent DOD children for whom they paid tuition, and yet they had a male/female pay scale—and they had a local hirer and a recruitment pay scale.

The example we ran into was one in which two math teachers constituted the whole math department. One was recruited from Michigan, because they were looking for a person to head up the math department, and he goes on this pay scale and stays there for the rest of his career.

The other one, who happens to be Thailand-hired, went on a second pay scale. But if either of them had been a woman, they would have gone on a third or fourth pay scale.

Congresswoman Mink was so concerned about this situation that they had to cut off all aid to these schools. That has been pretty well eliminated. But it was so bad there at the time we visited that the military was of the opinion that we should press harder to get you to run the school and put them out of business.

The same thing happened in Athens. There a compromise was worked out and things changed. The Athens school was paying teachers around $3,500 a year at the time that U.S. teachers were up around $9,000, and they had all tourists teaching in the schools. But the bulk of money that was running the school was coming from their operation in tuition payments. The number of DOD schools has increased considerably, so that a higher percentage of your children actually attend the DOD schools, but you still agreed not to build a high school.

Dr. CARDINALE. That is right, sir.

We have in Athens kindergarten through the 6th grade and then our youngsters from 7th through 12th go to the American community school of Athens, and we pay tuition for those youngsters.

Mr. FORD. We actually have a school on an air base in Athens that belongs to you, but the Greeks ran it as their school and you paid them tuition to run the school.

Dr. CARDINALE. That has been incorporated into our school now—kindergarten through the 6th grade.

Mrs. SPELLMAN. You get me even further confused.

Dr. VALDES. Mrs. Spellman, on the last point I would just like to reemphasize that while this might correct in the eyes of some people an inequity between two groups of people, it would create a whole new set of inequities between others who would not be covered by this bill.

Mrs. SPELLMAN. You are talking about people other than teachers?

Dr. VALDES. Other than teachers who are local hire would not be entitled to these benefits.

Mrs. SPELLMAN. All right. Thank you very much.

Mr. Carl Megel, from the American Federation of Teachers.

Mr. MEGEL. Thank you, Madam Chairman.

STATEMENT OF CARL MEGEL, DIRECTOR, DEPARTMENT OF LEGISLATION, AMERICAN FEDERATION OF TEACHERS; PHIL McKEANEY, ASSISTANT DIRECTOR OF LEGISLATION; DALE NICHOLS; AND KEN PUSHCO, NTE TEACHER

Mr. MEGEL. I have with me this morning, Phil McKeaney, who is the assistant director of the department of legislation of the American Federation of Teachers.

Also, on my left here, I have a gentleman, Dale Nichols, who is the president of our local in Naples.

And beyond is Ken Pushko, who is now a student at Rutgers University, but who has been an NTE.

I was delighted that Congressman Ford could be here, because he reiterated the difficulties that we have had in the overseas schools for many years. I have been involved in Washington with the American Federation of Teachers efforts to help the overseas teacher since 1965, when the beginning salary of overseas teachers was $4,350.

Then, through efforts of Congressmen Ford and Udall, we were able to get a salary adjustment.

Mrs. SPELLMAN. I am going to ask Congressman Ford, when this is over, since we have had all these good minds working on this—Mo Udall, Patsy Mink, and a lot of others, how come we are still holding hearings on this? I won't ask you now. I will ask you that later.

Mr. FORD. I think all the people at the table, who are dear, good, friends of mine, dating back to before I came to the Congress, recognize what a dilemma this has been for some of us over the years and, while we have not introduced this legislation on behalf of——

Mrs. SPELLMAN. You knew better.

Mr. FORD. Well, it is not a case of knowing better. It is that we don't perceive it to be the answer we have been looking for, and the Defense Department has not been cooperative in the past in trying to work a way out of the dilemma.

The teachers' organizations have tried to work it out, coming to the Congress, and so on, but there has been no cooperation.

Isn't that right, Carl?

Mr. MEGEL. That's correct.

Mr. FORD. From the Defense Department in trying to work it out.

And the employees of the overseas civilian personnel offices are among the least qualified people to handle this problem.

They play the game with a different set of rules. In all of these things and in every part of the world, some of the things that they were doing are just horrendous. It was over many years, Mrs. Spellman, with people like Congresswoman Mink tenaciously going after them, that they eliminated a lot of discrimination, which of course was not supported by laws or regulations—just a male-dominated custom—a male, military-oriented-dominated custom.

We have spent more time fighting military custom and local commanders than we have congressional or Defense Department policies.

Mr. MEGEL. That's very true. And our organization has collective bargaining rights for about 29 divisions, in Europe from Wiesbaden South. Fortunately, we have an opportunity to meet once a month

with the overseas officers of the Defense Department. Many problems have been resolved over there which should have been resolved by administrative decree without any difficulty.

So, it is very true, as Congressman Ford has said—and we recognize that our bill may not be the solution at all—that probably the solution should be to have no local hire at all. Congressman Ford has said as much before. We would not disagree with that.

We try to get whatever we can. It may not solve the problem—it may increase it according to Dr. Cardinale'e figures—the DOD in 1976 hired 1,384 teachers, but 75 percent of them were hired overseas. Only 359 were hired stateside.

Now, there was a time when it was difficult to get teachers to teach overseas especially when the DOD was paying a starting salary of only $4,350.

But today, and especially now, we talk about turnover—that there has been less turnover. The reason we have less turnover is because there are no teaching jobs here, in the USA. We have an abundance of teachers in the United States today, which we didn't have 10 or 15 years ago. Therefore, people overseas who have a job and can't come back to the States to a job, stay overseas regardless of the conditions there.

Now, I will identify myself. I am Carl J. Megel, codirector of the department of legislation of the American Federation of Teachers, AFL–CIO.

Also, Madam Chairman, I have a statement that I want to put in the record prepared by John Cosgrove, the legislative director for the public employee department of the AFL–CIO. Mr. Cosgrove would have liked to have been here, but he is scheduled for hearings on the Hatch Act before the Senate at this time and, therefore, couldn't be here today.

I want to say, too that in addition to the Members—Ford, Udall and Mink—that Congressman Waldie, Congressman Wilson, and Congressman White have helped work on these bills in the past.

So, there has been a great deal of effort on the part of the various Congressmen, and we are pleased with their effort.

We think that many of these problems could be resolved by Administrative decree by the Defense Department. If that were done, legislation would be unnecessary.

We have had fine cooperation with Dr. Cardinale. I don't want this statement to be considered as a criticism of him in any way.

The AFT has worked with him and other OFT members have worked with him on policy matters.

There has been an improvement. It isn't perfect, but we have made progress in the salary schedule, setting lanes for the overseas, teachers and so forth, but yet, the NTE problem exists.

May I now ask my colleague, the president of our local from Naples, Italy to give his presentation.

He has a statement but he also would like to make a few extemporaneous remarks. We ask that our entire statement—both mine and his—be included in the record.

94-684—77——4

[The prepared statements referred to follow:]

PREPARED STATEMENT OF CARL J. MEGEL, AMERICAN FEDERATION OF TEACHERS, AFL–CIO

Madame Chairwoman and members of the subcommittee, my name is Carl J. Megel. I am the Co-Director of the Department of Legislation of the American Federation of Teachers, AFL–CIO, embracing approximately 500,000 classroom teachers. Our membership consists of nearly 3,000 teacher locals, including locals of overseas teachers, organized into the Overseas Federation of Teachers.

I have a statement in support of H.R. 3698 prepared by John Cosgrove, Legislative Director of the Public Employees Department of the AFL–CIO. Mr. Cosgrove wished to be here personally to testify. However, he had been scheduled previously to testify at this same time in support of the Hatch Act before the Senate Committee. He asked that his statement, following the conclusion of our presentation, be made a part of this record.

With me this morning is the President of the Naples, Italy, Overseas Federation of Teachers, Dale Nichols. Mr. Nichols is a very competent overseas teacher who came from Europe to personally present this subcommittee with information concerning one of the many problems the overseas teachers are faced with.

Specifically we refer to the "allowances available" to the "Not to Exceed" (N.T.E.) teachers. This item is dealt with in H.R. 3698 which would require that the "allowances available to a teacher in a Department of Defense (DOD) overseas dependents' school shall be provided without regard to the location at which the teacher was recruited." At the present time, qualified teachers hired by the DOD in the United States and sent overseas receive full allowances.

However, equally qualified teachers hired overseas by the DOD and employed overseas are denied these allowances. This means that teachers equally qualified, teaching identical subjects in the same schools, are unequally paid. This discrimination should not exist. This discrepancy in our opinion could be resolved by Executive Order from the DOD without resorting to legislation. However, this has not been done. Accordingly, we respectfully urge the passage of this legislation in order to eliminate this injustice. May I say that we have had full anl complete cooperation from and with the Overseas Dependent Schools' Director, Dr. Cardinale, and intend no criticism of him in making this statement.

Thisis not a new issue. It has been before committees of the Congress in the past. Congressman Charles Wilson of California at our request presented H.R. 9139 to the 94th Congress. Hearings, chaired by Congressman White of Texas, were held but to no avail.

We recognize that it may be necesary to provide some flexibility. Moreover, during the period when there was a shortage of teachers, employment of N.T.E.'s may have been more or less necessary. However, today with thousands of fully qualified unemployed teachers in the U.S., this excuse is no longer valid.

PREPARED STATEMENT OF DALE A. NICHOLS, PRESIDENT, OVERSEAS FEDERATION OF TEACHERS NAPLES, ITALY AFT LOCAL, AMERICAN FEDERATION OF TEACHERS, AFL–CIO

Madame Chairwoman and members of the subcommittee, on behalf of the Overseas Federation of Teachers, AFL–CIO, I wish to expres a very sincere appreciation for this opportunity to speak with you today.

I express this appreciation on behalf of the overseas hires who presently live anl work within an unfavorable economic framework, and who, in fact, are second class citizens among their professional colleagues. Additionally, I speak for the many full status teachers of the United States Department of Defense Overseas School System who object to the discriminatory employee program in which the overseas hires are unable to participate.

Of the over 7,000 teachers working for the United States Department of Defense Dependents Schools overseas, approximately 1,000 of them are overseas hires who are not given equal benefits of housing and transportation. As employees doing equal work, they should all be given equal benefits. Of these 1,000 teachers, there are 200 who are in especially dire straits. Most of my statement today will be addressed to their dilemma.

Who are these teachers? Most Department of Defense (DOD) teachers are hired in the United States and go overseas to teach. They get a housing allow-

ance and a transportation agreement. The remainder are hired overseas. Some of these, at the Department of Defense Schools' discretion, are given housing and transportation benefits. Others, are the spouses of U.S. military personnel or U.S. civilian employees. They also get the protection of housing and transportation benefits through their spouses, although they should be eligible for equal benefits as they do equal work as other teachers. This leaves us the left-over minority of overseas hires, including many N.T.E.'s, who do not receive any of these benefits and have absolutely no protection in the areas of housing allowances or transportation benefits. It is these estimated 200 persons who I am especially talking about when I use the term "overseas hire" in my presentation today.

The teachers in this minority have the same qualification and qualities as their colleagues, and many have advanced degrees. They work as full time employees. They want to maintain their jobs as federal career employees. They have already given almost a year, or two, or five, or even ten years of satisfactory or better federal teaching service. They do equal work, but they do not get equal benefits.

What are the problems involved in having full time career teachers working side by side, with one group getting less benefits than the other? There are several problems and it is definitely a confusing, complicated, and emotional issue. The no-benefit status of the overseas hires undermine their economic security, and affects the psychological security of all of our teachers. This discriminatory practice has a pernicious and deleterious influence on the morale of teachers in the overseas system.

The overseas hires see themselves as persons burdened with greatly increasing housing costs which cut deeply into the income they need to maintain their livelihood. All the other teachers are protected through a housing benefit. The oevrseas hires feel unprotected. They see themselves as veritable second rate employees of the U.S. Government. They certainly suffer a tremendous morale problem. The skyrocketing rents especially aggravate the security of those men and women with families as they face the increasing financial strains of paying for family-sized lodgings. Additionally, the cost of international travel is such that it is virtually impossible for the overseas hires with families to travel to the United States with their spouse and children. They often find themselves waving goodbye to those of us who have that ticket home (with our families) every two years. That has to hurt. In fact it does hurt. Several of the overseas hires have told me so.

Maintaining teachers without benefits causes a gnawing insecurity for another kind of employee, in this case the overseas hire who, at one time, was given transportation and housing benefits. In fact, I am one of those persons. In 1974, three years ago, I received those benefits as an overseas hire. Yet, even today, I still sometimes wonder and worry whether these benefits will be taken away from me. Can what was once given by Administrative whim, also be taken away by such whim? It is a concern many of us have. It is a potential threat to our security.

The stateside hire sees the inferior status of the overseas hire as a situation which should be changed, in that the stateside hire has the subtle suspicion or fear haunting him that if the school system can maintain fellow career employees year after year—without providing the benefits—perhaps the same can be done to him.

Some of you may have the impression that this piece of legislation might help the overseas hire at the expense of the stateside hire. In fact the opposite is true. The stateside hires have a great interest in seeing that this legislation passes. They see the opportunity to employ overseas hires—without paying them benefits—as a money saving incentive for the Department of Defense Dependents School system. That is, the DOD Dependent Schools can hire cheaper labor. Taking away this incentive through legislation should reduce a dependence on hiring local hires. It should also improve chances for full time overseas teachers to fill positions in more desirable locations within the transfer program when those positions open up. Besides that, this legislation will improve the DOD Dependents Schools recruitment program. The emphasis of the recruitment program would be on the quality of available teachers, both overseas and the United States, thus reducing the possibility of an incentive to hire a person in order to save money.

The unfair situation involving the overseas hire is not difficult to eliminate. The easiest and fairest way to end this discriminatory and inequitable condition

is for appropriate administrative powers to resolve the problem by administratively granting the benefits to these employees. We believe that this can be done. It has been done in the past. Year after year this same aggravating problem arises. High level DOD school officials are constantly barraged by pleas to rectify the inequity whenever they visit the overseas schools. But the problem has not yet been resolved. And so now the hopes and pleas of a tiny minority of career federal teachers goes out to this subcommittee in the aspiration that the legislation will be passed to eliminate the inequities and discrimination from which they suffer.

I have read that Department of Defense officials have, in the past, stated that they interpret the laws governing housing and transportation benefits in a special way, in that they see these benefits as strictly "recruitment and retention" incentives to be offered to attract or retain an employee to a foreign area. Although benefits as original recruitment incentives may or may not have been warranted, certainly once an employee has shown himself to be a competent employee, especially one who shows an interest in continuing to work for the school system, then he ought to be retained. Thus, it is only fair and just that the overseas hire be awared housing and transportation benefits in recognition of their loyal teaching service. Retention incentives ought to be given to any career oriented Defense Department federal teacher—no matter where that person was hired.

I cannot believe it was the original intent of Congress to create a system whereby a person could be hired into the federal service, become a career-oriented employee, and then, year after year, continually receive considerably fewer rewards (in effect, less pay) for his work than his colleagues get. Equal pay and equal benefits for equal work is the only fair, equitable and decent way to treat all of the teachers in the federal service who year after year earn their livelihood by working for the DOD school system.

Equal status and equal job security does not presently exist for the estimated 200 overseas hires that I speak about today. The Overseas Federation of Teachers believes this blatantly unfair situation ought to be resolved. We deeply hope that these loyal, hard working federal employees will be given the protection they desire and deserve. If H.R. 3698, a proposed and responsibly conceived piece of legislation, were to one day become law, then an unfair and discriminatory federal employee practice would come to an end. It would be a victory for fairness and equality in federal government service.

This concludes my statement. Thank you, Madame Charwoman, members of the Subcommittee.

Mrs. SPELLMAN. You may continue.

Mr. NICHOLS. Chairwoman Spellman and Congressman Ford, on behalf of the Overseas Federation of Teachers, I want to thank you for this opportunity to address this subcommittee and for accepting our statement.

I just want to make a few comments. I want to concentrate on the one segment of the teachers that worked overseas, and that is the career employee who was hired overseas and now has put in maybe 2, 4, 6, 8, 10 years of service, and is a career employee—never quit—that's it.

The income that he receives pays his rent and puts the bread on his table. He works alongside of his fellow workers but he has an additional burden.

I know many of these teachers realized when they came in—they were told, but some weren't—that they would not be getting a housing allowance, but someone forgot to tell them about 30 and 40 and 50 percent inflation rates that have hit some of these European areas in recent years.

I've got several friends of mine who do teach overseas who support families. They are really hurting.

One friend of mine, John Couch—he is a black—said he suffered a lot of discrimination in his life. He is a man about 50 years old,

and he really feels that he has been tremendously discriminated against, as do many of these NTE teachers.

Our organization, the Overseas Federation of Teachers, is upset that in the Federal service we can have full-time career teachers who do not get equal benefits.

The recruitment system seems to function to encourage teachers to go overseas for assignments.

These local hires do have quite a few difficulties. They have economic discrimination. There is a psychological discrimination. They carry the scarlet "O" on their chest as the overseas hire year after year.

It could be said: "We have this law for recruitment and retention and we rarely hear about the retention part."

Some of these teachers have outstanding ratings, whereas the others have to have satisfactory ratings only.

I know that this bill probably may not affect many teachers, but we feel it is important.

I think their economic well-being is very important; their psychological security is very important; and I think the personal dignity is very important.

We would like to see that for equal work there would be equal rewards, equal pay, and equal benefits and equal status.

That concludes my comments.

Mr. MEGEL. I wonder if Mr. Pushko, who was an NTE—which stands for "Not To Exceed" 1 year; but it goes on and on and on—would like to add a comment?

Mr. PUSHKO. Thank you very much for giving me the opportunity to speak today. Before I was hired as a local DOD hire in Europe, I was teaching in a private school in Switzerland. I applied to the DOD in Karlsruhe, and I was accepted as a local hire. I went to Karlsruhe to sign the agreement that I would be a teacher with the Federal Government.

At that time they asked me to sign a statement saying that I would be an NTE. In explanation I was told that it was because of the Turkish situation—if the bases do close down, they would have to transfer teachers from Turkey to Germany.

At that point I did not realize that this was and always will be my status—a locally hired teacher.

This year the DOD has been informing new NTE teachers as to their status. So these hearings do help, because that improvement came out of last year's hearings which I also was a part of.

Then I became a teacher in Zweibruecken Air Force—an American Air Force Base—as an NTE.

Not until December did I realize that this would not be permanent, that I would not be considered a professional in my field.

I had a history degree and I was teaching social studies.

It was a perfect job for me and I enjoyed it tremendously.

When I realized that and I wasn't going to get retention benefits that were going to be bestowed on other teachers, I decided the best opportunity for me would be to go back to the United States, wait out a year, reapply for a position within the system, and try to get a job as a stateside hire, being what they considered a recognized professional.

What Congressman Ford brought up was very important and true. It is a fact that you do have a better opportunity to be hired overseas. And it seems I made the wrong decision by coming back. I do not at this late moment intend to apply for a job with the DOD because most openings have been filled.

I believe I am a professional teacher, and I tried to come back to the United States to get rehired. I have tried both ways and it hasn't worked.

I would like to make one other comment. There is a need for something to be done. As an NTE, without any job security, I felt like I was pushed around and used.

There was one teacher in our school, whose position was going to be terminated, because one of the physical ed teachers wanted to teach business, which this NTE happened to be teaching at the time.

The physical ed teacher's request was OK'd by the principal. The principal therefore terminated the position of the NTE, and transferred the physical ed teacher to the business department. Another NTE to fill the vacancy in the gym was then employed.

That's an abuse, because the teacher who was teaching as a business teacher was competent.

The decision was finally reversed at the regional level in Germany. However, the episode created a severe division in the faculty in the school.

So, the ultimate losers in this particular decision or shuffling of people were the students.

The educational system did suffer, and this is only one case. I know of many others.

That's about all I have come here to say.

Hopefully, something will be done, and I believe I am one of those unfortunate NTE teachers who didn't have any support. I wasn't a dependent of anybody. Thank you very much.

Mr. MEGEL. The teachers who are NTE's, are at the mercy of any superior authority who wants to move them around like pawns on a chess board.

It is that irregularity and discrimination that makes for decreasing morale in the overseas school system.

Thank you very much.

Mrs. SPELLMAN. Thank you very much.

I just wanted to ask Mr. Nichols: you were hired overseas?

Mr. NICHOLS. Yes, I was hired overseas. I was guilty apparently of visiting some friends of mine in Germany and heard that there was some hiring going on, and this was for a program called the PREP program, teaching GI's, where you could not be hired in the States.

Nobody was hired in the States. They mainly hired the dependents of military wives and husbands.

There was a position open where they couldn't get anybody. I said, "Well, I will take it." I worked there for about 6 months and then it just so happened that they had me on file in Karlsruhe and said, "Look, several positions have opened up."

It was in late August.

"Would you like to go to Wiesbaden?"

I said, "Well, I don't know."

"Would you like to go to Morocco? If you go to Morocco, we will give you housing and transportation."

And, of course, for me this was a golden opportunity. I don't feel I was guilty for being there, and I feel no guilt at all for being overseas.

I was lucky. I got the benefits. There are other teachers who are pulled into the system.

I know one employee, a fellow teacher who has service credit for 8 years as a teacher, yet he does not get housing, or transportation benefits.

He can't afford to take his family back to the United States because transportation costs are enormous.

These teachers rarely get to come home for a visit on the other hand most of us would be gone if a reduction in force occurred.

Mr. MEGEL. A large part of these problems, Madam Chairman, center about the money factor. There is a savings to the department for hiring these teachers overseas.

One other thought I want to leave as we close. I hope, if this legislation is passed, that it does not increase the number of teachers employed overseas, which it could, because this legislation provides benefits which the NTE's do not now receive.

We need fewer overseas hires. There now are plenty of well qualified America teachers. Dr. Cardinale just said he had 3,000 applications on file. There are only 7,000 teachers—less than 7,000 altogether—overseas. The present list of applicants, could staff half of the total required.

We hope this legislation, if passed, would not increase the number of overeseas hires, but would put emphasis on the Defense Department to hire more people here, stateside, from the applications they have.

Now, the DOD knows pretty well by the middle of February how many vacancies there are going to be in September. They do not have to depend on overseas hires.

They can place enough teachers from their application list, and if they place them, there will be no vacancies for overseas hires.

Mrs. SPELLMAN. I am puzzled. What's wrong, really, with hiring somebody who is over there, who is going to be there anyway, who is already making a home there because his wife or her husband is there?

You are making it sound like those people would be less desirable for the system.

Mr. MEGEL. There is nothing wrong with hiring teachers overseas, if they are fully qualified and are career teachers, there is nothing wrong with that. The problem is that a gentleman who has a position overseas and who has a wife who happened to have minor qualifications to be a teacher gets a job.

Now, that teacher is not going to be a career teacher in any way, shape, or form.

Mrs. SPELLMAN. I see what you are saying.

Mr. MEGEL. If that gentleman is moved in a year or two, his wife is going to go along, and the vacancy recurs. We are talking about career teachers.

If they are hired overseas as career teachers, we can build a good school system overseas.

Mr. FORD. Madame Chairman, I think there is an onus, but that the people at the table are cooperating with you in attempting to misplace

the onus. If you go back and read the reports that were written over the years, criticizing the overseas hiring practices, they were never against the quality of the teachers or against the teacher that was involved. They were against a system that held out to its professional employees, who were members of your organization—and I might say to you, Carl, that one of the first and loudest screamers about this that helped to convince this committee, was the president of your local in Naples. What was his name?

Mr. MEGEL. Well, DOT has hired three of our Naples, Italy, presidents last year. I think you mean Peter Migliaccio.

Mr. FORD. Yes. He was a tough guy, but it used to be your people, and the association people over there, who were complaining about this thing happening.

Now, several things have happened in Europe and that's where the primary focus of the abuse by the administration occurs. Mr. Siemaszko's statement indicates that he knows that in Frankfurt locally hired teachers are spending 50 to 75 percent of their take-home pay on the economy. And you point out that since September 1976 the value of the dollar has decreased from 2.56 to 2.30. But 6 years ago it was 4, and 6 years ago you could go over and take an American teacher's salary and live very nicely on the economy. That was when we had the large influx of locally hired teachers—when they were hiring more teachers over there than they were here and there was no chance in the world for a loyal, career teacher, like you're talking about, to get out of Morocco and go to Frankfurt.

The problem was that we were fighting with an administration over there that both of the teachers organizations believed to be unfair and unreasonable in every way. They wouldn't recognize them and they wouldn't talk to them, and people forget that it's only been a very short time since we have been able to force them to recognize you by either sending you a notice to come to a meeting. Now you have got a membership that is imploring you to represent them.

But you are not talking to that membership in Iceland that quit the system in frustration after putting up with that baloney year after year and finally said, "Well, nobody is going to do anything for me; I'm never going to get a decent place to teach."

We fought with the administration when they tried to answer this problem.

There are other alternatives. President Ford had one. He tried to correct the situation legislatively, and the teachers' organizations screamed and hollered and we joined in with them and we shouted it down.

Then, Mr. Mason proposed a regulation about 8 years ago that prohibited security for teachers against transfers for more than 5 years in any position. They were going to play musical chairs with all of the teachers.

The teachers' organizations conceived this as a way for Mason to get the troublemakers, the organizers and others in remote spots. It became a big fight between Dr. Mason and the spokesman for the teachers on just what he was trying to accomplish. We discouraged the adoption of this proposal through the Defense Department and the policy never went into effect, did it?

Mr. MEGEL. No, it never did.

Mr. FORD. That policy was open and above-the-table. It would have assured a constant turnover. Opportunities would be provided for transfer and there would have been the same sort of movement that exists in large city school systems. And you have to constantly keep in mind that this school system, if it was in the United States, would be about the fifth largest school system in the country. But it's scattered all over the world and it's different in every place you go to take a look at it. It's got more uniformity now than it once did. It's got more uniformity now and it has more uniformity in the European theater, than any place else in the world.

While I have had my problems with Dr. Mason, he has been an extremely strong guy, with a tremendous amount of support in Washington. He has been able to run the system pretty much as he wanted to, even though he has had to make a lot of adjustments to accommodate the teachers.

Six years ago, the lower cost of living was one of the enticements to teach overseas. There's no place left in Europe now with the possible exception of Spain, in which this is true anymore. Now that's disappearing rapidly. While we are trying to resolve this one riddle and this one dilemma, that has plagued people who have cared about this and have worked hard to make it a better system for years, nothing is being done on this Hill to make the benefits that we are talking about for all the teachers more realistically reflect what it means to teach overseas.

Unfortunately, there are a lot of Members of Congress who never travel in those foreign countries, who still think in World War II terms, about being able to buy a bottle of liquor for 75 cents and a meal for $1. They say, "What are these teachers complaining about? We went through that fight in 1965. Why wasn't $4,500 enough? When I was a sergeant over there, I was getting $200 a month and living like a king."

We had that mentality and still have it firmly planted in this Congress and every increase in benefits for the overseas teachers has come after a long, hard fight with people who have this idea you are kind of occupation forces over there, living off the fat of the land.

I would suggest a majority of the Members—and certainly those who haven't traveled recently—still believe that American dollars bring you all kinds of things in these countries and that, for example, in Naples you can eat in the best restaurants every night and have somebody clean your house and buy excellent wine at practically no cost. They believe a $10,000 teacher's salary there puts you in the catbird seat.

Now, what we ought to be talking about is the fact that all of the teachers living in these countries—all of the teachers are affected by the 4-to-1 ratio of the deutsche mark. It used to be worth a quarter and it is now like spending a dime.

But the teachers' salaries haven't increased to take that into account, because they have been geared to the American economy and they have stopped increasing. As a matter of fact, in the last couple of years, because there has been a retrenchment in the major school districts to which the overseas teachers salaries are tied are not the areas where the major increases have been.

If one looks at the overall increase in pay for teachers in this country, he will not find that it is in the 100 largest school districts in the country. That's where the growth was at the time we tied the overseas salaries to them. But today, in a State like Michigan, Carl, isn't it true that the bulk of the economic settlements that actually are increasing pay are occurring a long way from Detroit?

Mr. MEGEL. That's right.

Mr. FORD. And Detroit is probably the only school district in Michigan that you're tied to.

Mr. MEGEL. We have 34 collective bargaining agreements in Michigan.

Mr. FORD. But there's no way for Detroit teachers to get a pay increase. If we don't change the present system, the overseas teachers' salaries are going to sit stagnant in the middle of all this inflation over there and nothing will be done about that. We're worrying about some people converting their status, but the onus is on the way they were running the system. The administrators overseas were running it as a lie, and it was the teachers who realized it was a lie. We found a principal who was proud of the fact that he had a system worked out in Germany where he could always fill 15 or 20 positions himself through his own regular recruiting system.

He just sent the word back here to send over so-and-so. This superintendent built up quite a clientele. It was well known that this guy could always find a spot for you in his little high school over there.

That sort of thing was going on for a long period of time.

How do you suppose a teacher who had taught 8 years would feel if we passed a law which stipulated that no teacher hired from here after will be covered by it? How many years will it take before you have some more dedicated teachers who say, "Now, that we have been here this long, you ought to go back and change the law?" How do you compensate the teachers who were defrauded by the recruiting system that put somebody ahead of them in line for an unjustifiable reason? Do you think this is any system that would permit you to hire outside of the contract you have with the rest of your teachers?

In many instances, these people were hired in clear violation of the spirit of the understanding they had with the teachers in the system. That's the difficulty of trying to resolve the problem with a simple piece of legislation. Nobody has been able to come up with a simple resolution. Maybe there ought to be a limitation that NTE ought to mean what it says.

Mr. MEGEL. Not to exceed 1 year.

Mr. FORD. As the previous witness indicated, he thought they were playing straight and he came back here and found he can't penetrate back into the system. But I guarantee you that, with very little investigation, he could find a place to get back into Europe by the next school year.

Mr. PUSHKO. The stigma shouldn't be on the teacher.

Mr. FORD. We're not trying to put stigma on the teacher. What you're saying now is the teacher who had the advantage of the system that bounced him above everybody else in the system and in doings so violated every principle of the obligation these administrators had for the teachers that they were recruiting in this country, that this

teacher now, just because he has been there for a while, should be put on a basis that provides no incentive to come back home.

Until I read your statement, I thought the failure to pass this legislation left us in kind of a neutral state. When you bring to my attention the fact that the economies over there are eating up teachers' salaries as rapidly as they are, you're saying to me that we may find a lot of vacancies over there pretty soon for the teachers who are not getting the extra benefits. They in turn will make room for teachers already in the system to transfer to the desirable areas. Incidentally, you don't find any local hires, in Iceland. Isn't that strange?

Mr. MEGEL. Not after you once have been there.

Mr. FORD. There are no local hire in Iceland. The Navy has to recruit them.

Mr. MEGEL. Mr. Ford, you may remember in our bill last year introduced by Congressman Wilson with hearings held by Congressman White, we did have a section transferring the overseas pay system to the Washington, D.C. salary schedule, which is considerably higher. We were making the effort at that time, but it is not in this bill.

Mr. FORD. There were two attempts, if you recall. We also tried to make the salary schedule current, but the difficulty was that encountered a rash of teacher strikes in major cities and we didn't know until way into the school year when the court decisions were issued what the top 100 salary scales would be. We have made a conscious effort on this committee to update the Udall bill, so that instead of falling behind, the teachers would have a realistic salary.

Mr. COAKLEY. Mr. Ford, I don't whether you know the history of the recent court action against the U.S. Government that now puts us in defense current. We now put the salary schedule—it takes us a while to get that but when we get it we issue a new schedule, retroactively.

Mr. FORD. You are allowed to use something less than 100 percent.

Mr. COAKLEY. We're still trying to shoot at 100. I think we are little under 90 percent this year and we didn't schedule out until May.

Mr. FORD. What was the schedule in New York in 1975? I recall that nobody knew what it would be until the end of the year. We were constantly encountering that difficulty. I'm glad the court has done that because the Congress couldn't figure a way to do it which it would get enough support on the floor.

Mr. COAKLEY. There are about a little over 206, I think—206 school systems in the salary sample now. It's all schools serving a population area of 100,000 and above—206 school systems currently that we use as our basis for salary. It is a very complicated and a difficult task to get data from those 206 school systems and to derive a salary schedule, and we on the administration would hope that some day we have a better system for setting salaries than we currently have, as well as I am sure the folks on the other side of the table do.

Mr. FORD. When we passed the bill, we thought we were getting away with something. As a matter of fact, Carl, I believe the smallest teacher increase was $1,400 that year, wasn't it?

Mr. MEGEL. Yes, it was.

Mr. FORD. It was a very dramatic change. But we thought we were really getting away with something when we took the 100 largest

school districts for a sample, because they were the ones that were organized and getting the best pay.

Mr. MEGEL. Increased pay at that time.

Mr. FORD. But in the last 5 years that picture has changed considerably and it's now the suburban school districts that are setting the pace, but they're not included in the sample.

Mr. MEGEL. They are not included. Although it is difficult, I think the Department is making an effort in this direction.

So, Madam Chairman; we're delighted to have had this opportunity to talk to you and Congressman Ford. We are grateful always to Congressman Ford for the contribution he has made at great sacrifice to our overseas teachers, and we thank you, Madam Chairman, for your consideration.

Mrs. SPELLMAN. Thank you very much.

It does appear to me what we will be doing is putting a few good heads around the table. People sitting together on all sides of the subject to see if we can't come up with something that makes good sense. It's obvious that what we are doing isn't right. I have the feeling if we were to sit down, we would try to come up with a common denominator and maybe that's what will come from these hearings.

We have a situation of discrimination in housing and all the various agencies came together at the meeting that I called. At the onset everybody was saying something different and yet I sense that everybody wanted to find an answer to the problem. When asked to sit down at a table they came up with an answer that makes very good sense.

We will be getting that passed, but it came because of their total familiarity with the subject and their total commitment to try to find an answer.

What I liked about it was that they were selfless when they sat down to work. Nobody was trying to hold to his agency anything special. They really were attempting to find the answers.

Mr. COAKLEY. There's one thing which may happen in the immediate future that is going to require action in the conversation area—the tax reform area. It appears that they're going to eliminate the benefit for that, and all these allowances will become taxed, and if that does happen, many of our people employed abroad would not be able to pay the tax on their allowances out of their salaries.

For instance, a schoolteacher in Bahrain right now gets $9,000 salary to start and the allowance package of about $15,000 in housing, plus a cost-of-living allowance of about $3,000 more.

Mr. FORD. They don't make enough to pay the tax.

Mr. COAKLEY. So, the allowance they have to pay tax on it will take more than half of their salary to pay the tax. It will create a real chaos in our system. But the Congress again seems to be really moving in that direction, and it is going to be difficult. We will have to come to your committee again at that time for some kind of salary relief, not just for teachers but for everybody employed.

Mr. FORD. If that tax bill passes the way it is there is also going to be a tremendous increase in the student population, because one of the advantages of the State Department's support of a dependents' school, which is incorporated as a nonprofit corporation over here in

Delaware, is that they pay money under a system where they actually take into account, when they are negotiating with a teacher, the tax advantages of making an overseas income living on the economy. If that is now going to be considered as repatriated money, the whole tax advantage disappears, and it amounts to a substantial pay cut.

They won't be able to recruit teachers for those schools.

While they fought against having you run them in the past, they are going to want you to build a new high school, in Athens.

Mr. COAKLEY. I think the future in this is really going to be interesting in that area.

Mr. FORD. Madam Chairman, we have been trying to get the Defense Department, for some time, to recognize what is going to happen to them as a result of the all-volunteer military force. We had some early studies which indicated that even though the number of people in and out of uniform, working for the Defense Department overseas, was going to be constantly decreasing, the number of children of school age living with their parents overseas was not going to decrease at the same rate, because the characteristic of the overseas serviceman was going to change.

He wasn't going to be young and single as much as he was before. He would become a career person. Part of the whole concept of the career military is to encourage individuals to keep their families with them. We have been trying to get the Defense Department to face up to the fact that this school system is not temporary—not something that was set up during the occupation in Germany for short-term operations. They thought it would go away, you see; and it has never gone away. It has just continued to grow.

As we have started cutting down the number of people overseas, there is a feeling that again the school system is going to go away. It isn't going to go away and the kind of problems that this bill attempts to address itself to are going to get more serious. For example, there is a tremendous impact on these people who are in areas where they are forced to live off the economy because of the 30- and 35-percent annual inflation. They will be driven out of the system. We should be addressing ourselves to these people who are stuck—not only the schoolteachers, but other who are stuck in a place where we don't realistically take into account the increased cost of living.

The cost of living in the United States was for so many years higher than anyplace else that we had military, that no one paid any attention to it. The hardship benefits really were a bonus in most instances. While they didn't reflect the economic needs, they reflected a bad place to serve, except perhaps Panama.

Mrs. SPELLMAN. We have with us Ms. Barbara Henry—she is a teacher—and Mr. Siemaszko, of the Overseas Educational HALF-DAC.

STATEMENT OF MS. BARBARA HENRY, OVERSEAS TEACHER, AND EDWARD SIEMASZKO, CHAIR, THE HALF-DAC COMMITTEE, FRANKFORT JUNIOR HIGH SCHOOL

Mrs. SPELLMAN. Before the witness begins, I wonder if you would be able to assume the Chair for a while, Congressman Ford.

Mr. FORD. Yes; for about 20 minutes.

Mrs. SPELLMAN. I have a missile on the floor that I have got to try to restore.

Mr. FORD. I have several votes right now in the Education and Labor Committee on the minimum wage bill. I hope that I am not losing my opportunity to vote. I don't have too much time, but would be glad to listen to these witnesses.

Mrs. SPELLMAN. Thanks.

Mr. FORD. Without objection, we will put Ms. Barbara Henry's statement in the record at this point.

[The prepared statement follows:]

PREPARED STATEMENT OF BARBARA HENRY, AN OVERSEAS TEACHER

I was hired by the Department of Defense Overseas Dependent Schools System, as a teacher, to fill a vacancy in one of the schools in West Germany in November of 1971. I was asked to fill this position by a supervising principal, Dr. Ralph Yiskin, with whom I had previously taught in the overseas program.

At the time of hire I was informed I could live in government quarters at a cost of $21 a month. My colleagues hired before April, 1971, could live either in government housing or on the German Economy at no cost incurred to themselves. I was also informed I would receive a transportation agreement because I was previously a "stateside hire" with the Dependent Schools System.

In September of 1974, I was informed that my rent was to be raised in October, 1974 to $150 a month—from $21 a month. January of 1975 notice was given that I would have to find another place to live since I wasn't entitled to government housing. I appealed to my congressman who started a most unpopular investigation but nonetheless I was given fifteen days in March to vacate my place. This whole experience was not only demoralizing, degrading but made everyone involved feel like a second class citizen.

I like my job and the people with whom I work. I have been cited for outstanding performance in my job. But I am finding it increasingly difficult to do a conscientious job both because I feel so unjustly treated, and because so much of my time and effort is being devoted to trying to change the situation.

I feel equal benefits should be granted to all U.S. Citizen teachers. This is a serious moral problem working side by side in identical jobs and receiving widely disparate benefits.

Ms. HENRY. Thank you, Mr. Ford. I realize how completely unsophisticated my testimony is. I had written to Congresswoman Spellman when I got back to the States, and said I would be glad to do anything that I could, and I think I never realized before exactly what was going on. I thought that the discrepancies in the overseas hiring and the lack of benefits had to do really with bureaucracy and not Dr. Cardinale and the rest of the people being so this is the way they want it.

They want to hire these people overseas to save money. They want cheap teachers. They don't care about quality and so, therefore, this is what they have said. People traveling over there, we will put a warm body in the slot. You even equated it to the teachers in Michigan, where they work up in the real world—the real teachers— which I found rather shocking.

Why can't they do something like that overseas? You have tenure in the States. Is that such a strange thing?

Mr. FORD. Well, let me say to you that we have been trying for years to get them to operate as they do in the States. Because the content of this school system is quite different than a typical American school system, it has been the hardest for us to penetrate. It is not a toy to be

handled by a part-time education officer. If you look at the contrast between conditions in the schools operated by the Navy and the Army and the Air Force, it is like they belong to three different countries.

All these years we have made efforts to try to get DOD to treat the students and the personnel the same way they would be treated in "an average stateside school system." But you have to penetrate the fact that in the average stateside school system, we don't have to worry about the politics of the mayor. We just have to worry about the politics of the school board. But we also have to worry about the politics of the base commander and his superiors, and the competition for facilities has been extraordinary.

You said you were hired in West Germany in 1971. As late as 1966 and 1967 we had to resort to getting buildings condemned in order to get kids out of the inferior facilities.

Ms. HENRY. Oh, yes; I teach in a basement.

Mr. FORD. Convincing Congress to vote money hasn't been a problem, but getting the Defense Department to ask for money for schools has been hard. When we were asked why Congress would not give money for a decent school building, we tracked it down and found that the moneys never stayed in the military construction budget for schools. The requests never got to Congress.

There was an Air Force type who was worried about rebuilding his runways, and constructing apartment buildings for more military personnel. And so the school was lowered on the priority list for 2 more years. Or maybe he would send it up to his commander, the next guy in line, and he would say, "When I put that into the pot with all the other requests for construction, put the schools aside for another 3 years." As a result, we used to get 2-, 3-, 5-year delays. That is why we have so many poor schools. A worse situation is those places where teachers cannot live on the economy, no matter what the cost. They still don't live very well in terms of quarters, unless they are fortunate enough to be where we have a substantial military installation and can get military housing.

Ms. HENRY. I have a friend—you talked about Taigu. He was very happy to leave Weisbaden, Germany, and go to Taigu, so I guess things have changed, too, in Taigu, Korea.

But, actually, what you are saying then is you are advising people to just go to Europe and be hired, have fun for a year or two.

Mr. FORD. No. I said that if you wanted to get a job in Europe with the DOD school system, the best to approach is not to apply with the DOD school system, but to go over to Europe and make the best contacts you find and seek out a principal who will consider you in early September for the vacancies that occur. Using this method, your mathematical chances are much, much greater of ending up where you want to be in Europe—even in specific countries.

We have been writing reports and criticizing them about this for years. There are all kinds of reasons given why it has to be done. Saving money, I might say, is something that was a peculiar "pet" of somebody on the Senate side. I never heard money saving advocated by anybody in the DOD school system as a reason for local hire.

Ms. HENRY. Well, what they are doing is, the local hires, you have a thousand local hires. They have absolutely nothing to keep them

there, so I know right now 10 people today, the day school starts, they are just not going to show up. So what does that do to management? At the last minute they have to get anyone. They have no incentive yet. They want to hire all these people and they know what is going to happen.

Mr. FORD. I don't agree with that. When the Secretary of Defense can send a whole crew over to fix a piece of equipment that needs repair and can gather them from all over the country and have them there in 24 hours, that we could fill the teachers slots in a shorter period of time.

Ms. HENRY. I agree.

Mr. FORD. It might be possible in 24 hours too. We don't put them on the *Queen Mary* and send them to sea for a month, you know.

When do you cut off applications? In May?

Mr. COAKLEY. Applications, we are cutting off in January, even now.

Mr. FORD. But the overseas personnel tell us that any changes that occur after the middle of summer make a stateside replacement prohibitive. They contend they have to obtain a local hire. I don't believe that. I believe that if something happens at Thanksgiving, that they can pick up the phone and requisition a teacher, either a transfer or a stateside person, and then put somebody else in the transferred vacancy and get them there in 24 hours. By airplane, this is a small world. And that is the way you would do it in a stateside school. You wouldn't just start looking around the neighborhood of the school to hire teachers.

Ms. HENRY. And especially in Europe, for an American teacher who happens to be sliding on by.

Mr. FORD. There is no problem of getting enough teachers. But everybody has his own racket. This is a deliberate exaggeration, but there are a lot of school administrators who have their own little rackets. For example, one of the complaints that came from an overseas education association was that when you tried to "talk organization" to teachers, those who were the temporaries and had a special obligation to the local administrator who hired them, were unreachable. They became companion teachers for that particular administrator. Our files are filled with horror stories about everybody having his or her own little operation about putting their friends on their faculties, and telling the education association or federation to "go jump," saying, "I'll take care of my teachers."

That's the kind of phenomena that we saw, not once or twice, but over and over again.

Ms. HENRY. Well, it certainly doesn't seem to be solving the problem that we have now, which I think is very much of a problem.

Mr. FORD. Do you think there should be some limitation on how long a teacher can hire in locally, and continue bypassing the rest of the system? Suppose you were given career status, but as a condition to it you would be put into a pool for whatever job is next assigned from stateside?

Ms. HENRY. Well, I certainly think it would be better than what you have now. I mean, I am not saying that that would be unreasonable.

Mr. FORD. That is not what the advocates of this legislation are asking for. They are saying, "I want to stay in Wiesbaden and get the additional"——

Ms. HENRY. That is a misconception. Both Ed and I were offered transfers, actually from different areas to the same place, and I know that management did it to keep what they considered a fairly good teacher. They wanted to put us there, so that we could get housing and transportation. So I inquired—I said to the CPO up there, "Now, I understand I have been given this transfer. I have a transportation agreement, but I have no housing now." There are just so many inequities. A stateside hire, of course, in the hierarchy makes you much better and a lot higher. It's just horrible.

At any rate, I went to the CPO and I said, "Now, I have been given this transfer and I would like to know will I receive any housing allowance." Well, they looked, and said, "No, we just can't do that."

Mr. FORD. I don't know how they could have promised it to you in the first place.

Mr. SIEMASZKO. At one time, sir, there was a stipulation in the Standard Regulations which stipulated that anyone who was transferred out of the area with a management-directed transfer would then become eligible for full benefits, the assumption being that no one else was available for the job and that person was also the best qualified to assume the position.

I applied for a transfer in December of 1974 and I indicated several areas. Basically, at that time there were limitations as to where you could apply for. I couldn't apply for an area transfer because at that time I didn't have the transportation agreement and it was necessary to have a transportation agreement in order to apply for an interarea transfer.

Finally, I believe on the 7th of June, 2 days before school closed in 1975, I received a call from the district superintendent's office and was offered a job to teach social studies in Brunnsum. I expressed an interest in the job. I told him, however, I think that I would accept a transfer only on the conditions that I received the benefits. It was out of the area, and I requested that they make that a management-generated transfer, that I was the only one available and the best qualified for the job. The superintendent's office said they would attempt to do that.

When I received notification of the transfer and was asked to accept it in writing, I did so. But I also stipulated in writing that I would accept the transfer only under the condition that I receive the benefits. Then, in August, I received transfer papers. I received transportation agreements and I was ready to go, and then about 2 weeks before school began, I received a call from Karlsruhe, and I was asked if I was serious about the housing benefits and the transportation agreement through the States, and I said, yes, I was. And it turned out that in July of that year the wording had been changed from "management-directed transfer" to "management-generated transfer." And the mere fact that I had signed an intent form requesting the transfer at that point automatically disqualified me from eligibility for the benefits that would have come with the transfer. So I was told I could not have the benefits, and my response was then, "Thank you, but I would rather not have the transfer." So I was reinstated in my previous job. I don't know. The entire situation deals with residual factors, it seems, that don't have anything to do with the qualifications of the person. As you said, we have an expanding parameter of geographical

movement, people in search of employment, and we are constantly running into regulations that are manipulative and restrictive on a person's ability to function in a job, and it makes no difference whether you are committed to the system, whether you decide to join it as a career person, as someone who intends to stay with it and contributes to the stability factor that is needed to maintain some kind of a sensible operation.

It makes no difference whether you are an excellent teacher or a poor teacher. It makes no difference what all the qualifications are that are normally used to judge a person's ability in a position. If you are doing a good job, one expects that person will be forwarded in his position, that he has an opportunity for upward mobility; that he has an opportunity to improve on what he is doing. But the regulations that come into play, not only from the Department of Defense, but within the various agencies that we have to deal with, whether Civil Service Commission or Department of the Army, it always seems in some way to deprive people from the normal process of developing in a position that occurs in business or in the normal world, or in the school system in the United States, and I think that is where the onus of morale factor lies—that is not merely the fact that you are working side by side with somebody who is receiving substantially a larger amount of compensation; it is, of course, absurd to realize that someone who has 0 years of experience and an M.A. receives less compensation, in effect, than someone who has come fresh out of college, has 1 year of experience, with a B.A.

But that is one aspect of the problem. The other aspect of the problem is that you are, in effect, constantly kept down, and it is a one-shot affair. In the past, you were asked questions on your application form as to why you were in a country—and I am sure you are totally familiar with that. And I can recall when I applied to the position, one clerk in the CPO office said to me, "Whatever you do, don't tell them that you are looking for a job, because you won't get the benefits."

The other clerk said, "The only way you can get the benefits is to tell them you are looking for a job. Don't tell them you are a tourist." This kind of nonsense for a person who is applying for a job creates an impossible situation.

As you said, you are forced in many cases to lie or in your ignorance you don't know what to say, or you think you are saying the right thing, and that is used as a basis of a judgment which determines for however long you stay in the system, and what your compensation is for doing a job. And to me is absurd. That is just one aspect of the problem.

Mr. FORD. What about the practice of hiring the same person as an NTE year after year in the same school?

Mr. SIEMASZKO. I recall in the committee print there was mention of a person who was rehired 10 successive years as an NTE. I don't know the circumstances of that case. But I think it's an absurd idea. I don't know why that person would put up with it.

Mr. FORD. Do you think that's widespread?

Mr. SIEMASZKO. No. I think that's an exception. Most people who get hired as NTE's, if they're not converted, may wait around for

another year to see if they'll get picked up in the fall again; but generally if they're not converted, most of the NTE's that I know tend to disappear then and look for employment elsewhere.

I think there's one big problem there, and that's the artificial break in service. If a person is an NTE, and if one is compelled to accept the notion that the local hire is automatically a temporary hire for a period of a year, then I think that a person who is in that position should have the opportunity to come into the system after 150 days, as the regulations now stand.

But if they are picked up subsequent to that time, in the fall, generally they have to come back in as an NTE again and put in the 150 days and wait until the end of the school year to see if they will be converted. The fact that in every school system you have summer vacation automatically creates a break in service. And the administration of the DOD school system up to this point has always viewed that as a reason for not converting.

So these people get rehired in September again and then the process continues, depending upon the amount of punishment that the applicant wants to take.

Mr. FORD. To what extent do you think that the location of the job is important to local hire teachers?

Mr. SIEMASZKO. That's a very difficult question.

Mr. FORD. They tell you now that they no longer even ask a teacher being recruited stateside for a preference. They used to ask stateside hires and then in return for not giving them their preference, they gave them promises that if you go to Timbuktu, we'll get you out of there one of these days.

The way they solved the problem of not keeping their promises, they just don't ask them any more. Now, in effect they're dealing with a buyer's market. They figure they don't have to do that to get 3,000 people.

Mr. SIEMASZKO. Yes.

Mr. FORD. Presumably there are over 3,000 people right now on their books who are willing to teach in the DOD school system wherever you will send them.

Realistically, how many of the local hires we are talking about accepted their job under any kind of a condition like that?

Mr. SIEMASZKO. Well, there's one aspect to what you're saying that bothers me, and it seems to be the assumption I think you mentioned before: that locally hired teachers sometimes are not qualified for positions that they ultimately get.

Mr. FORD. No.

Mr. SIEMASZKO. And that concept——

Mr. FORD. What we did discover is that local hires don't fit the round pegs in the round holes all the time. It's easier to just take somebody who has been teaching physical education, and make him or her a math teacher. That's the way they do it in the small school systems, were they don't have teacher contracts with the Education Association or Federation.

They don't do that sort of thing unless the teacher wants to any more. But it's easier to play that kind of game than just to ask the computer to give me a math teacher with experience.

Mr. SIEMASZKO. There is one factor that has changed that. I think that occurs with teachers, whether locally hired or whether CONUS hired. The fact that most of the European schools now at least down through the middle school level, junior high school level, are being accredited, kind of compelled DOD to see to it that each teacher is qualified in the area in which he is actually operating in a classroom.

And I believe, for example, in my school, we were accredited 2 years ago, and there wasn't a single teacher in the school, whether dependent or nondependent, local hire or whether a stateside hire, who was not teaching in his field.

So I think that kind of pressure from the NCA has done a great deal to eliminate that particular problem.

Mr. FORD. There's another weakness. You mentioned a few moments ago that no matter what your educational experience, you can't start any better off than a person with 1 year's experience.

Mr. SIEMASZKO. Yes.

Mr. FORD. We have explored this with the DOD from time to time, and I thought that was being changed.

Mr. COAKLEY. It has been changed.

Mr. SIEMASZKO. I'm talking about total compensation. The person who comes in with the complete package, with 1 year of experience, has a total compensation package.

Mr. FORD. That is if you consider reimbursing that person as a local hire, you are talking about the reimbursement for travel as an additional compensation. On the stateside, we are talking about reimbursing for a cost incurred at the request of the Federal Government.

Mr. SIEMASZKO. Well, OK. If you talk about the initial cost of shipping someone from the United States to Europe, or to Japan.

Mr. FORD. If we talk about sending local hire teachers from West Germany to North Africa, you could make a case for reimbursing transportation. But how can you make a case for giving them status to come back home in the middle of the contract next year?

Mr. SIEMASZKO. I tried to do that in my testimony. I'd be happy to review what I know about it. I think you can make a case——

Mr. FORD. We didn't send them there.

Mr. SIEMASZKO. That's true.

Mr. FORD. So we didn't incur the obligation to send them back. What you're saying is that that is a form of compensation. And as a matter of fact, it is an incentive for you to use this device. If this bill passes, I predict to you that there will be many local administrators over there attempting to wait it out and use every device possible to have as many vacancies as possbile the first of September, because they will have an inexhaustible supply of experienced teachers looking for jobs.

Mr. SIEMASZKO. I would like to address that question. I have spent some time on it.

Mr. FORD. You know, the tom-toms beat. I can find out from where I am where the most logical places are to be locally hired. Nobody is going to volunteer this to me, but teachers are writing to me all the time. I have had an identification with this system for over 13 years, and I get reams and reams of complaints from individual teachers about specific cases.

And that's a constant flow that we have had over these years. I can find out just from reading these letters where this is going on the most frequently. I don't find out about all of them, but I can find out, from where I am sitting, how hard it is for a reasonably intelligent teacher looking for an opportunity to spend the next few years in Germany to find a position.

Is that the way the system ought to run?

Mr. SIEMASZKO. No, I don't think that's correct at all.

Mr. FORD. We couldn't let a teacher come into Detroit and say:

I want to teach in this new school with all the new media centers and everything on the east side of the city. I don't want to start over on this side of town.

Mr. SIEMASZKO. Of course not. But you're not going to prevent someone from living in your city who says:

I want to try to spend some of my life in Detroit, from going to Detroit and picking up a job in Detroit, and then having the school administrators in Detroit say, well, you came from New York City, therefore you receive a different compensation package from the person who went to school at Michigan State or whatever.

Mr. FORD. Now, somebody testified here we're talking about 200 teachers in Europe. Is that right?

Mr. SIEMASZKO. It's impossible to tell. I requested statistics on this from Dr. Cardinale's office.

Mr. FORD. How many teachers do you represent in Europe?

Mr. SIEMASZKO. Well, the Overseas Education Association represents approximately nine-tenths of all the teachers throughout the entire system.

Mr. FORD. How many of them are members?

Mr. SIEMASZKO. I think there are about between 3,500 and 4,000 actual members.

Mr. FORD. But you are required by your agreement to represent all of the teachers.

Mr. SIEMASZKO. Yes; in all the schools.

Mr. FORD. In the consolidated unit. That was a battle that took a long time, didn't it?

Mr. SIEMASZKO. Yes.

Mr. FORD. In my experience on this committee and the Education and Labor Committee, I find it difficult to understand how you can represent all the teachers in that area and not see a dilemma for yourself in advocating this kind of change for 200 teachers.

Mr. SIEMASZKO. I see a tremendous dilemma in the problem.

Mr. FORD. If we pass this bill to take care of these 200 teachers, is that the end of the problem; or is that the beginning of a more severe problem?

Mr. SIEMASZKO. No; it's not the end of the problem. It's the beginning of a solution. For one thing, one of the primary reasons why the transfer program has been diminished is simply the cost factor involved. And it's been fundamentally an administrative decision to constantly diminish the number of transferees available for positions.

The positions are open now, positions are available in Europe. In my school this year, there are two positions that were announced on the official transferee list. I asked my principal, how many people had indicated they were resigning on their intent forms in December? And

there were five people who had resigned. And I believe that that is typical for the system.

More than 50 percent of the announced vacancies are simply not made available for interarea transfer because it costs too much money. And I know they're going to be able to pick the local hire, whether it's a dependent or nondependent, particularly in the large population areas.

Mr. FORD. How do you put the heat on Dr. Mason and his people not to do that?

Mr. SIEMASZKO. One way to do it is to provide equal benefits for whomever is hired. Then there's no longer a cost factor enticement for DOD to hire people locally instead of transferring them out of undesirable areas. If we are all treated equally, then it doesn't make sense to maintain a policy which is going to——

Mr. FORD. Well, I maintain that the cost factor wasn't a major component of the reason for local hiring, except for the nonsense they used to testify to in front of Senator Stennis to make him agree.

Mr. SIEMASZKO. Mr. Clelow, when he was testifying on H.R. 9139, in June of last year, said the provision of benefits for nondependent hires would not be a cost factor; and then I believe he reversed himself on H.R. 15003 in September and stated that it would be a cost factor.

Mr. FORD. Well, it's obviously a cost factor. But it isn't significant, weighted against all the other considerations for continuing the practice of local hire.

Mr. SIEMASZKO. I don't know, frankly, why this policy is being maintained. And I don't know why the transfer policy is being put under pressure all the time, why it's being limited. And I don't know why those people are suffering from the fact that the administrative policy is preventing them from receiving a benefit they should have. I completely agree.

Mr. FORD. Did you ever hear of Louella Lieber?

Mr. SIEMASZKO. No. I don't know her.

Mr. FORD. Is that name familiar to you? I think she's now at Clark Field. She can tell you, and does to me every few months, voluminously, why this system works this way. She was one time the president of both education associations in Japan, and has been very active in trying to organize the teachers, and is quite outspoken. And sometimes people consider her extreme in her ability to perceive devious reasons for things that administrators do.

But over the years, she keeps stumbling onto things that we find have some validity. She's very familiar with a part of the world where culture shock and living on the economy was not—for most of the time since World War II—a desirable sort of thing. She knows what happens to the teachers who run up against these things from that thing.

She really believes that there is a plot afoot—if not at the level of DOD here on the hill—to force all of you out of the system. When President Ford made his speeches a few years ago, that convinced her. He said, "You come back home and become Americanized."

Nobody working with the schools or on the committees has ever been enthralled with that kind of program, although we did put pressure

on them to make it possible for teachers to participate in inservice training to return for training. We sort of put our foot in the way of a doctoral program proposed at one time for Karlsruhe, until we were assured that the doctoral program was going to be conducted in more places. Insuring teachers more locations enabled more to participate in it.

It was perceived by your organization and others that Dr. Mason was going to work out a deal so that the people he preferred would get access to the doctoral program. And those, who for whatever reason hadn't got along, would not have access.

Now, I don't know how you deal with this kind of a problem for this number of teachers without encouraging the policy that got everybody upset in the first place.

Mr. SIEMASZKO. I agree.

Mr. FORD. Yet, here we are talking about facilitating that same sort of thing. It's hard for us in this room to understand that we are talking about a single system. Because, you are aware that if you had a normal stateside contract, you would have to be on the same side of this issue that I'm on.

Mr. SIEMASZKO. OK. But that's the fact of the matter. We don't have the normal——

Mr. FORD. Do you want to get into a normal stateside contract then?

Mr. SIEMASZKO. I would like to get a contract that says that every teacher in the system is treated equitably; that we're all the same in terms of the fact we have received our position, because the judgment is made by management that we are the best qualified candidate for the position. And I would like to see a system of providing appointments objectively and making a commitment on a career basis. That's what we are talking about.

I really resent the concept that DOD uses—that the people hired locally are tourists. Now, it has a connotation of lack of seriousness and lack of commitment, as if we are simply flitting around someplace and stumble into the CPO office and we can't think of what we're going to do tomorrow, so we take a commitment with the system and milk it for a bit of money and then hop on to the next country that seems to interest us. That is not necessarily the case. I'm sure there are people like that, but there are also people who apply from the States, with the knowledge that they are going to commit themselves to a 2-year contract and wherever they go it's going to be a couple of years in Shangri-La, if that's what they get, and then they come back to the United States.

Why should you make it easier for them to recruit local hires instead of treating your transferees honestly?

Mr. SIEMASZKO. I don't believe you are doing that.

Mr. FORD. You give them another incentive to hire them.

Mr. SIEMASZKO. You're talking about the cost factor, and I have heard of no educational reason or philosophical reason why it makes sense to keep people stuck in remote areas. I have never heard DOD come out and say that we think that's a good policy. To the contrary. And I don't think it's a good policy, either. I think that's an unfair manner of treating employees.

Mr. FORD. The difficulty, it seems to me, is that we can never get them to consider the teachers as all working for a single system.

Mr. SIEMASZKO. That's because they create 35 different categories of teachers.

Mr. FORD. No school system in a major district in this country would conceive of having a system that allowed anybody to bypass the seniority system and the other——

Mr. SIEMASZKO. There's no bypass on seniority.

Mr. FORD. But the equivalent in a Stateside system would be that you have all kinds of people teaching in the less desirable battle areas of the city, but you continually are hiring new people into the more desirable sections. And I know the complications we have had in meeting civil rights requirements and so on, but the teachers here have fought very, very hard against the principle of allowing administration to bump anybody into the more desirable position against otherwise qualified person who had served his time.

And, given the general geographical problems, given the incredible kinds of population shifts in the school system, given the fact that there is generally a movement of at least 30 percent of the kids in almost every school that we have, you need a stability factor in the system, and that stability factor can only be the teacher. It doesn't make any difference to me where that teacher comes from, so long as he's the best qualified person for the job, and so long as that person does have a commitment to perform his task.

And it doesn't make any sense whatsoever to take a person who has that kind of interest in his job and then say to him that you don't receive the same kind of benefits as everybody else because you "circumvent the system."

That's a statement made by the head of the CPO in Frankfurt in a local discussion of this matter, in which he stated the people who come into the CPO don' tknow about the benefit system—whether in response to the recruitment notices by DOD—and those recruitment notices are not made just at the beginning of the school year.

When I left Frankfurt on July 2, I was reading the Stars and Stripes, and there was a notice in the Stars and Stripes for all categories of recruitment. And I didn't even know there was a DOD school system when I applied for this job until I heard about it on the AFN and decided——

Mr. FORD. You mean this month there was an ad for local hired teachers?

Mr. SIEMASZKO. There is a listing in the Stars and Stripes several times a week for jobs available to people in the area.

Mr. FORD. That's why I was surprised when I came here and discovered Mason testifying against this bill. In the 13 years I've dealt with this issue, I've become convinced that Mason and everybody around him likes this system and the more local hires we give them, the better they like it. It creates a little patronage system over there for everybody. I'm not saying anything here I haven't said before, except we find the military all draws wagons in a circle every time we try to raise hell about this. You know the Education and Labor Committee does have jurisdiction on this issue and I can assure you there will be more hearings after this.

In the meantime, you should go back and check this out with your people and see if, in fact, you can convince yourself that they'd like to eliminate the local hires.

Mr. SIEMASZKO. I am convinced of that fact.

Mr. FORD. They do want to?

Mr. SIEMASZKO. DOD wants to eliminate the local nondependent hiring and they are taking steps to do that. An example, let's see, last year—the beginning of last school year we were told that the CPO would no longer consider applicants for teaching jobs if they had either a residence permit or a work permit from the Federal Government.

Now, if I am a person who is interested in "circumventing" the so-called recruitment system in the United States and I go to Germany, I land in Frankfurt, and the first thing I have to do is find a place to live. German law requires that within 3 days of occupancy you must register with the police. So, the landlord will compel you to do that. He'll give you forms and you have to go to the local police station and register, and that's where you are.

Now, I have not met a single person in my life who applied for a job locally who was able to be processed within a period of 3 days. Filling out the forms takes you usually a day or two, and by the time you get it submitted.

Mr. FORD. What about these ads you saw? Isn't there any obligation for whoever ran those ads to first notify you that there are vacancies to be filled and justify to you, whether or not there are transfer applicants who want those positions?

Mr. SIEMASZKO. Theoretically they are supposed to do that.

Mr. FORD. How can you say somebody is running an ad in July to fulfill positions that they say they have to fulfill in an emergency in September because there isn't time?

Mr. SIEMASZKO. There is a regulation on the books in USDESEA or DODDSEUR, that says the higher priority should be—let me get this straight——

Mr. FORD. Let me mention something to you. It's of no financial consequence to them at all. The suggestion that the school system would somehow suffer if we passed this bill because of paying these teachers the benefits is ridiculous. It's a pure mathematical computation compensation that's an add-on to their next budget request. I'll protest vehemently on the floor of the House if they won't give them the money for it if we pass a law saying teachers are going to have their benefits. That's based on a mathematical computation of an entitlement that nobody of the Appropriations Committee on either side is going to play with. I doubt they are going to have any trouble getting the money for it. It's not going to be any financial skin off their nose, so there's no financial incentive for them to oppose this bill.

Mr. SIEMASZKO. Except for the fact that you fill 140 slots with people that don't receive $3 to $4 thousand a year in a housing allowance, with people who stay in the system and don't receive biannual home leave, people who stay in the system and, for whatever reason, are returned to the United States and do not receive travel allowance and shipment of goods.

You are ultimately saving a lot of money and, in fact, they say they are picking up 142, I believe, in 1974 they had 132 nondependent local hires. Well, all right. You know——

Mr. FORD. By doing that, there was a time when they said they were going to get teachers who wouldn't be uppity and join the unions.

Mr. SIEMASZKO. No, it's not an outstanding sum of money, compared to the constant appropriations that they use for weapons and what-not in DOD. But it is a cost factor, and I think that it's no secret that a bureaucrat maintains his position by fundamentally saving money for the Government. There is no moral argument involved in this. There is no argument that says that you treat two people differently. All you have to do is change the word "local hire" to "black" and you have a concept of what is going on.

Mr. FORD. All right. It comes out on the bottom line that we have been convinced—a number of us—for some time that any legislation of this kind was going to encourage a continuous expansion of a local hire practice. It's your view that the passage of this legislation would not have that effect.

How do you suggest we resolve that different impression of what the dynamics would be once you do this?

Mr. SIEMASZKO. I think your primary problem is that you have to deal with the dependent preference hires. These are the people that are most available. Those are the people that are cheapest for the system. They are already there. The housing allowances and transportation costs are covered by another agency.

Mr. FORD. See, that's not an easy one to deal with.

Mr. SIEMASZKO. I know that you have the military against you.

Mr. FORD. You simply say they are already dependents, they shouldn't get the second benefits. But then the members of the Armed Services Committee are going to disagree. They will say they should get this as a bonus, and that it will help us retain the staffs in the military. It becomes a fringe benefit. As a matter of fact, they have been told by the Defense Department a few years ago that they should emphasize the hiring of dependents, if possible, because it was an inducement to retain otherwise desirably trained and experienced people in the military.

In the last couple of years, with the recession, that wasn't a problem. But if the economy gets back on its feet, you are going to see increased pressure to use teaching jobs as a fringe benefit for young officers to stay in the service, instead of coming out into private enterprise. It has clearly already has been utilized in this fashion by the Defense Department. There is somebody over there that is encouraging this approach.

Mr. SIEMASZKO. I think you have to make a judgment as to what it is you value.

Mr. FORD. We clearly want to exclude the dependent from the impact of this. This bill does not now exclude the dependents, and it was quite accurately pointed out this morning that it takes care of everybody and the dependents.

Mr. MCCLUSKEY. No, Mr. Ford, I would dispute Mr. Coakley and his group insofar as if they look at their own regulation and how they define teachers. An NTE is not defined as a teacher. Throughout all the regulations a teacher is one who has career status and this bill

was written based on their own regulations and so that's just a matter of dispute, and the committee made it perfectly clear through the last Congress and in our committee print what a teacher was.

Mr. FORD. Is it that the dependents are not covered?

Mr. MCCLUSKEY. Are not covered.

Mr. SIEMASZKO. I don't see any reason why as in the past the Congress congressional committees cannot put pressure on the DOD school system to revise administrative policy such as this. There is no reason in the world why you can't recommend that there be some kind of quota installed.

Mr. FORD. Until January 1977, we encountered a period of 8 years where our ability to pressure any part of the executive branch was, to say the least, somewhat limited. But that has changed.

Mr. SIEMASZKO. I am happy about that. At least they have come around to the point of following up on——

Mr. FORD. Starting with this committee hearing, we can go to the executive branch and get somebody to pick up the phone and ask some questions.

Mr. FORD. You can eliminate much of the problem if you simply put all the transfer applications and all the notices on computers and let the computer do the job that they are supposed to be doing.

Mr. SIEMASZKO. That's right. The question is, do you treat people fairly?

Mr. FORD. It's inconceivable to me there aren't but a handful of applications from Europe, unless the inflation has changed that dramatically that there aren't adequate transfer applications from all over the world waiting to get in there.

So there is no real excuse for having more than a couple of days' delay for bringing somebody in from some place. The problem is: How do you fill that spot in Timbuktu?

Ms. HENRY. I don't think that's fair either.

Mr. SIEMASZKO. It's an administrative problem. It is a problem.

Mr. FORD. But it's no longer an administrative problem. The overseas corporations do this by computer. We have got computer access.

Mr. COAKLEY. We have got a teacher working in Rome—a great place. A teacher wants to transfer to Munich, another great place.

Mr. FORD. Nobody ever leaves Munich.

Mr. COAKLEY. I know. And we have another teacher who is currently working in Iceland. Both the teacher in Iceland and the teacher in Rome want to go to Munich. The Defense Department can see an obligation to move the teacher in Iceland.

In other words, when this teacher went to that hardship area, we said to him, "You work for us in Iceland and we will see to it next year you can get to Munich." But when we reach the transfer program, we have several in Rome who want to go to Munich, and they all have more transfer rights than this poor soul up in Iceland. So we are unable to live up to our agreement with the teacher in Iceland.

So what have we done? We have made it tougher for the people in Rome to get to Munich. We have made it easier for the people in Iceland to get in Munich, and I think that is what you wanted us to do.

Mr. FORD. I thought people in Iceland had a 10-percent veteran's preference on all transfers.

Mr. COAKLEY. It wasn't enough, though.

Mr. SIEMASZKO. DOD made it so that right now a person in Iceland, for example, I believe receives 9 points for each year.

Mr. COAKLEY. He gets almost absolute priority.

Mr. SIEMASZKO. Let's say he is in Iceland for 4 years. He's got 36 points of credit toward a move out of Iceland. And people who are in the isolated areas, so-called hardship areas, have first preference for a move out of that area.

Mr. FORD. If you are looking for teachers in July over there, isn't it possible for you now to run those through the computer and find people some place in the world already in your system who want to transfer?

Mr. COAKLEY. I'm not positive, but I think what they are trying to do is generate an adequate supply system at this time for use in late August and early September, when we open up, for the emergency purposes. I don't know.

Dr. Cardinale left. But what state his recruitment program is in right now, I don't know. It takes about—I would say the earliest you could ge anybody out is probably 4 weeks.

You know, you have got passports and these things to work out, getting the person ready to leave. It takes about 4 weeks at a minimum to get somebody out. So I think they probably shut off recruitment something like July 1, or certainly no later than July 15, and fill all the jobs at that time by people locally available.

Otherwise, they are going to end up on opening day with an empty classroom.

Mr. FORD. All right. It hasn't changed. We have been told for years that there is no way you can make the transfer system work fairly. But sooner or later we have to do it.

Mr. COAKLEY. You can't make it work fairly for everybody, because the people in Rome, they don't give a damn about the teacher in Iceland who only worked in the system 1 year. You know, that's a newcomer, and they say, "I've been here 5 years, and I should have a right, you know, for that job." And you can't be fair to everybody.

We feel an obligation to the teacher in Iceland, and not the one in Rome. There's no other Government employee working abroad that has an opportunity to transfer from Rome to Munich under any circumstances.

I know, you go to work in Rome as another Federal employee and you stay in Rome. There is no transfer system for anybody else to transfer from a favorite assignment into another favorite assignment.

GAO has in several reports criticized the Department of Defense transfer program as being far beyond what is necessary, and even questioned the payment of the transportation costs, because one of the conditions in the regulations is that the transfer is in the interest of the Government.

And what interest of the Government in moving a teacher from Rome to Munich?

Mr. FORD. Oh, the same that there is in moving him from Chicago to Phoenix.

Mr. COAKLEY. What is the interest in the Phoenix school?

Mr. FORD. A person would rather live in Phoenix, in the sun, so they push what way they can to get that opening.

Mr. COAKLEY. But Phoenix doesn't run a transfer program for the teachers in Chicago to apply and be transferred into Phoenix.

Mr. FORD. No. But Rome and Iceland are part of your system, and you run a transfer system for all of them, and you ought to be able to shuffle the pieces around enough so that you get everybody where everybody wants to be.

Mr. COAKLEY. That's the desire.

Mr. FORD. But so that you give the people in your system an opportunity for a position that is recognized in a system in a desirable position before you open it up to others.

Mr. COAKLEY. If we open up that transfer program, we would have a great game of musical chairs every school year. Everybody in the school—not everybody, but the majority of the teachers would want to make a change. When you first said 10 or 15 years ago, I think you would be at that point recognize there were probably a lot more transfers that took place then.

Mr. Ford. How many transfer applications have you got to get out of England, except some very young teachers who want to go to a place like Japan?

Mr. COAKLEY. I don't know.

Mr. FORD. Practically none.

Mr. COAKLEY. Practically none.

Mr. FORD. You've got a lot of teachers no longer American in any sense at all. You know, they still retain citizenship, but they are married to British subjects and they are settled in and they are happy. And if you told them that you have to move, they will leave the system.

And you've got the same thing in Naples, and you've got the same sort of situation in Munich. You've got people in Munich, I understand, that came there with the system in 1945 or 1946. They built the building around them and they are never going to leave.

Mr. SIEMASZKO. The sensible point of view is not constantly to try to find some group of employees that you can exclude from the possibility of advancement or promotion or transfer or whatever, if you are going to work out a system.

You should have something that is set so that the employee who has been in Munich for 10 or 20 years and does want to get out and serve the system in some other part of the world should at least have the opportunity to do that.

Mr. FORD. But there is no incentive to do that now.

Mr. SIEMASZKO. There isn't any. And, of course, that particular kind of incentive has been virtually eliminated. The only place that you can go, if you are in one of the so-called desirable areas like Europe, is to go to a hardship area. There isn't anybody who can transfer from Rome to Munich any more.

Another consideration is that there are many areas in Europe that are extremely isolated and, in effect, as much of a hardship area, if not as much of an hardship as Iceland. If you take someone out of a specific kind of environment in the United States and put him or her in a small town in the Harz Mountains in Germany and have them live there for 20 years, they are going to experience psychological problems that will have an effect on their ability to perform.

By doing what has been done, you have eliminated the possibility for a person in that situation to get out of an undersirable area in Europe.

Mr. FORD. A lot of people have studied how to get people out of Munich and London, and given up on the whole idea, because it flies in the face of teacher security.

Mr. COAKLEY. Right.

Mr. FORD. We started working on the other end of it and saying to the extent that somebody dies off or retires or something happens to him, don't let somebody come flouncing in here and go to dinner with the local principal and get the opening. Give it to the person in Iceland.

Mr. SIEMASZKO. I agree.

Mr. FORD. You ought to see some of the graphic language in the letters about how you get hired over there. You know, it's obvious that the person writing it is very angry and a long way from home and very upset.

But it's a continuing flow of complaints ever since they found there was a place to write and complain about this a number of years ago. And it just isn't going to be solved by something that looks this simple.

Mr. SIEMASZKO. I think it's a step in the right direction.

Now, it doesn't make sense to say that the failure to correct an administrative problem dealing with the rights of people who have been transferred is a sufficient reason to overlook the problem of a tremendous amount of discrepancy in compensation of employees who are equally committed to their job, who do as good a job as anybody hired in the States, and who have gone through a selection process in Europe as well.

In many cases, local hired nondependents have to go through a tougher selection process than the people hired in the States because of the dependent priority system. Even if I am the best qualified person to do the job, I don't get that job unless every single dependent that is available through the Karlsruhe office who has even minimum qualifications for the job is considered.

Mr. FORD. But if you apply here in Washington, you don't even get considered.

Mr. SIEMASZKO. You do get considered, but what your chances are, you know, with all the other factors involved——

Mr. FORD. No: it's much easier for an administrator over there, between now and September, to just let it ride the way it is and not worry about the vacancies that are going to occur, and assume on the basis of past experience that there are going to be plenty of local people to fill in the gaps. They know they are not going to get criticized for not getting their stuff together in advance.

How do you run a school system by waiting until the week that you open and hire 15 teachers in a 30-teacher school?

Mr. SIEMASZKO. I contend that if you don't pass this bill, if we maintain the status quo, all we are doing is promoting the policy that exists and DOD will continue to do exactly the same thing they have been doing up to the present time, and you will have failed to confront a very real, unjust, immoral, and illegal situation.

Mr. FORD. What will you think about a requirement that stipulates an inventory be taken as of the first of September, and they couldn't hire anybody locally so long as they had a qualified application on file?

Mr. SIEMASZKO. They have done that so many times with positions that are difficult to fill. For example, shop positions. At our school last year we had to wait about 3 months for someone to take over the shop program. We had a substitute—a woman who was an art teacher, I believe, going in and teaching shop for 3 months, until a qualified hire from the States showed up.

Mr. FORD. That's because of bad administration, not because of the way conditions are in this country.

Mr. SIEMASZKO. You know, I think you can't avoid one problem by pretending that you are going to solve another problem. I think you have to address this problem right now, solve this problem, and then reexamine particularly the dependent fire system, because you are not going to have much of a competitive hire system in the future. You are going to have a lot of in-people hired.

Mr. FORD. You may convince some not to oppose it, but several of us are prepared to oppose anything we think is going to contribute to a continuation of the situation that has been allowed to develop over the years.

And you know this bill isn't going to do it in this form. You should figure out some kind of limitation; figure some way you can say to the applicants, "If you become a local hire, within x months, if they are unable to fill your position from outside, you will have the job. Otherwise, you will have to finish your vacation and go home."

How does that strike you?

Mr. SIEMASZKO. I have been on vacation for 4 years.

Mr. FORD. For example, they say, it takes 30 days to move a teacher from hiring to Germany because you have to arrange to move their furniture and give them a chance to get their passports and so on, so why should you have to hire a local hire over there for more than 90 days?

Mr. SIEMASZKO. That's a question that again is administrative.

Mr. FORD. If you are ever going to have a system that gives people a fair opportunity for transfer and for advancement, you must find a way to prohibit entering into step 5 without going through steps 1 through 4.

As long as you can wait until September to hire people and then, should this legislation pass, metamorphose into a complete butterfly without ever having been a worm, there is something wrong.

Mr. SIEMASZKO. We have been worms all the time I have been there. You know you are a worm. I don't become a butterfly in this system. I'll never become a butterfly in this system, because there is no way for me to do so.

Mr. FORD. It's sort of like the way you become a general. You know, if you never went to the academy, it's pretty hard in peacetime.

Mr. SIEMASZKO. Okay. But if you do work, if you produce, if you do get recognition for the service that you perform for the military, you can move up the ladder.

Mr. FORD. I can't quarrel with your personal approach to it, but my approach to this whole subject is that we have spent a good many

years trying to turn the DOD schools into a professional school system. And we have dealt with the individual prejudices of the military in every part of the world.

We have dealt with the intransigence of the Defense committees around here and the constantly shifting around of the pecking order in the Defense Department, of the administrators going from relatively strong positions with the Secretary in 1965 to a period when they probably couldn't get their telephone answered over there.

And in all of this, the teachers have been at the forefront of trying to find a way to make a professional system comparable to any other American educational system. Now we are talking about getting away from that, just for this one little group of 200 people.

Mr. SIEMASZKO. On the contrary, don't throw away the people who are qualified and who are dedicated and who are interested in serving the system. Don't throw them away. Don't force people into the position where——

Mr. FORD. They make a choice of whether they die or quit and make room for one of the 3,100 people.

Mr. SIEMASZKO. So then you lose a dedicated teacher, committed to the system, committed to the job, who is happy in his work, and the only problem he has got is that he can't get ahead. He can't become a colonel. He can't become a general.

Mr. FORD. And consider the German culture. You are familiar with the two-track civil service system they have. They clearly understand what they are doing. You can take this job with lifetime cocoon protection and we will adopt you for life on the $5 an hour or you can take this job at $7 an hour and we reserve the right to fire you when we don't need you.

Mr. SIEMASZKO. But that doesn't say if you make a choice for one or the other, that you can't go in the other direction for the rest of your life.

Mr. FORD. You can go to the other directions. Now, you can come back and apply for a job.

Mr. SIEMASZKO. I can't quit my job, under whatever security I have, and take the position with 10 years experience and look for a job in the United States. I know plenty of people who have done that. They have tried to come back during the summer and make applications, and the more experience you have, the bigger cost factor you are and the less interest people have in your position.

Now, I like what I am doing. I like the kids I teach——

Mr. FORD. You are willing to consider making this legislation applicable to all teachers with 2 or more years' experience with an acceptable level of competence and to no one hired in the future?

Mr. SIEMASZKO. I think the legislation should be applicable to anyone who is put on career status. I think that is the judgment.

Mr. FORD. We probably shouldn't put feed-on career status ahead of somebody else that acquires career status. He has pointed out that the Defense Department was directed last year to set up a sign-off. That doesn't solve the problem, but at least it puts the teacher on notice. I think if you are going to make an argument for the status of individuals who are lured into the system and gave of their substance for all of these years, don't plead for a permanent change in the struc-

ture so that you have a new way to become a career civil servant ahead of everybody else. I guarantee you it will encourage more people than now to become temporary hires.

Ms. HENRY. Mr. Ford, what he is trying to say is also to arrange something, as Chairwoman Spellman said, get around the table and talk about this. I completely agree. I agree with you, someone shouldn't go to Munich, be hired there, and stay there for the rest of their life, no. But if you have been in the system, say 2 years or 3 years, they have this little thing—the Department of Defense outstanding—you know, you do an outstanding; you are given this; you are given these other things.

Mr. FORD. What year did you get hired in Germany?

Ms. HENRY. 1971.

Mr. FORD. How many teachers did you have applying for jobs in 1971, 6,000?

Mr. COAKLEY. Probably.

Ms. HENRY. And I was brought down by the man I worked for.

Mr. FORD. Did you have to sign a waiver?

Ms. HENRY. I didn't even want the job. I was going to school in Denmark. I was not even particularly interested. Someone for whom I worked said, "I have a rather difficult situation. Would you be interested in coming down and taking the job?"

Mr. FORD. But you see, what happens here is that a structure is built that is self-supporting outside of the other system. And forget the person in Iceland, you see, because I happen to know somebody who knows somebody. Now, that is what teachers' unions were formed to stop.

Mr. SIEMASZKO. But you don't punish the people that become victimized.

Mr. FORD. You know, you didn't have to speak with the principal to get a promotion or to get your contract for next year.

Ms. HENRY. That is not alleviating the problem right now. Whoever came or whoever got the job, even whether you are interested or weren't interested.

Mr. FORD. You want to take care of these because they were suckered into this situation, and cut it off so it can't happen in the future. You have got a starting point to talk of some of us. But I guarantee if you want to perpetuate a system that puts a backdoor wide open, with a flashing sign over it saying here is the way to beat the system, we are not going to let it get through this Congress.

Mr. SIEMASZKO. Nobody has advocated that.

Mr. FORD. That is what you are asking for in this legislation.

Mr. SIEMASZKO. On the contrary.

Mr. FORD. If you want to cut off and say all those teachers who have 2 years, 1 year——

Mr. SIEMASZKO. Let me give you one——

Mr. FORD. If you want to do that, you have got a starting point. But I tell you, you won't move——

Mr. SIEMASZKO. Let me give you a statistic on that. In 1970, the largest number of CONUS hires came in the system between that date and the present. OK. 996 teachers were hired from CONUS in 1970. During that time, the school year 1970–71, locally hired teachers were receiving benefits. Then, the infamous March 17, 1971, change in regulations oc-

curred. The following year, 373 people were hired from CONUS. Now, if what you say is true, that statistic should have been reversed. Everybody should have been waking up to the fact in the United States that the benefits were being paid in 1970 and they should have been all over Europe and nobody should have been hired from CONUS.

The fact of the matter is that didn't occur and there are more reasons why that should not occur.

Mr. FORD. In 1970 and 1971 you could also put on your application that you wanted to go to Europe, and if they called you up and said we have a job for Iceland, you could say, sorry, I don't want to take it.

Mr. SIEMASZKO. Then you didn't have a job.

Mr. FORD. But you could find a job in this country as a teacher in 1970–71.

Mr. SIEMASZKO. I'll fight with you on that. I was looking for one then.

Mr. FORD. You could in most parts of this country. It is a fairly fast occurring, but dreadful phenomena, but it is fairly recent. But in 1970–71, you still had people putting a preference, and they just turned it down. They said, "Where do you want to send me?"

"Well, we are not sure."

"Well, I'm not going to give up the possibility of a job in Split Rock, Ohio, to take a chance ending up in Turkey."

Mr. SIEMASZKO. At any rate, I really think it is a fundamental disagreement, but I think the history of the case has shown that——

Mr. FORD. You see, all I am telling you is what has been printed year after year by committees of this House that have looked into this subject. There is just no way the Congress is going to easily give up the idea of encouraging this local hire backdoor into career civil service.

Mr. SIEMASZKO. I think they do exactly the opposite by passing this bill.

Mr. FORD. Well, give us something to substantiate that kind of approach.

Mr. SIEMASZKO. OK. I hope you read this carefully. Then, if there is any other thing I can do——

Mr. FORD. Thank you. The meeting is adjourned.

[Whereupon, at 1:30 p.m., the hearing was adjourned.]

[The statements which follow were received for the record.]

STATEMENT OF KENNETH T. BLAYLOCK, NATIONAL PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

The American Federation of Government Employees, AFL–CIO, representing over 700,000 Federal employees in exclusive recognition units, welcomes the opportunity to present its views on H.R. 3698, a bill which would require that the allowances available to a teacher in a Department of Defense overseas dependents' school would be provided without regard to the location at which the teacher was hired.

We have on several prior occasions in presenting our views to the Congress on similar legislation emphasized that all U.S. citizens employed overseas, not solely teachers, should receive the same privileges and benefits regardless of point of hire. This would include also employees of non-appropriated fund instrumentalities, and we strongly urge that this bill be appropriately amended to expand its coverage.

As written, H.R. 3698 would remove long standing inequities in employee compensation which have arisen as a result of executive branch allegations of ambiguity in the original statutes (Public Laws 86–91 and 86–707) which specifically

authorize the granting of overseas differentials as recruitment and retention incentives. The State Department promulgates standardized regulations concerning these allowances which apply to all civil service and foreign service personnel abroad. Other agencies then establish their own regulations which are based on and much more explicit than these standardized regulations. An example of this is a present Navy regulation denying gasoline allowances to locally hired employees of the U.S. Naval Support Activity at Naples, Italy.

These non-appropriated fund employees, who are citizens of the United States, are being denied gasoline allowances because they hold dual citizenship under Italian law as a result of marrying an Italian national.

In administering the original statutes, the State Department has arbitrarily determined that U.S. citizens who already live in a foreign area and are hired locally by the U.S. Government as teachers or in any other capacity do not have additional expenses generated by or as a result of their Government employment. Consequently, according to them, the allowance incentives are not applicable and not payable.

They base this determination on their interpretation of the legislative histories of the authorizing statutes. Yet in hearings before the Subcommittee on Retirement and Employee Benefits of the House Post Office and Civil Service Committee during the 94th Congress on an identical bill, H.R. 15003, the chief counsel of that Subcommittee noted that he was unable to discover any legislative intent either in the bill or accompanying reports which justified the view that allowances provided overseas employees are to be based on areas of recruitment or hire.

It appears as though the State Department and the Department of Defense in promulgating the regulations have succeeded in doing what Congress has specifically not done; that is, established two categories of overseas employees, based solely on the point of recruitment, who will not receive equal pay for equal work.

We would briefly like to comment on the inequities which have been allowed to flourish under such regulations in the hope that Congress will reassert its authority in this area. Locally hired teachers, for example, are deprived of the following benefits: transportation agreements, living quarters allowances, or LQA, space available travel, educational leave, shipment of personal goods, and certain types of transfers. In addition, the cost-of-living allowance, theoretically available to all overseas employees, has in the past been effectively denied "local hires" in Europe when paid out in the form of an add-on to the LQA. In these circumstances, "local hires" are unjustly deprived of an existing benefit to which they are entitled.

Although such discriminatory practices may possess a certain utility for the DoD, we feel that the negative impact on civil service personnel and the administrative problems created by existing regulations far outweigh any budgetary savings which may accrue to the government.

First, existing criteria and conditions required for qualification for overseas allowances differentials are still a matter of great confusion in the labor management area, and this has given rise to innumerable grievances and appeal actions due to the arbitrary interpretations placed upon regulations by Civilian Personnel Officers. We would like to point out that not only are such appeals expensive for the Government as well as any involved labor organization, but they indicate that serious unresolved problems continue to arise in this area.

Second, in creating this second class category of "local hire" employees, the DoD unnecessarily damages the morale of overseas teachers and their families. In testimony on H.R. 15003 before the 94th Congress, Carl W. Clewlow, Deputy Assistant Secretary of Defense for Manpower and Reserve Affairs, noted that approximately 85 to 90% of the "local hires" overseas are dependents of U.S. Government personnel.

There has been much concern voiced recently over conditions in the all-volunteer armed forces. Indeed, there has been much pressure on our organization from members of the armed services who wish to be represented by us in matters of compensation and fringe benefits. Given these concerns, we question the propriety of forcing the wives of overseas military personnel, who are actively recruited by the DoD and constitute the largest available pool for locally hired overseas teachers, into second class civil service status.

As long as members of the armed forces, whether they are stationed at home or overseas, feel that they and their families are bearing the brunt of arbitrary

and short-sighted budget cutting policies they will continue to petition either AFGE or other labor organizations to take up their cause.

Further, as many of these dependents already qualify for some of the existing overseas allowances, and would not receive duplicate benefits under this bill, we doubt that the money saved today compensates for the damage done to overall employee morale.

Locally recruited overseas teachers suffer other forms of discrimination not directly related to compensation. Frequently they are hired as "temporary employees," and not converted into full permanent status for periods as long as 10 years in some instances. Reliance by the DoD on these "temporary employees" has the potential of severely impairing the effectiveness of the overseas dependents' education system by undermining the Overseas Teachers Corps and displacing career teachers with short term employees who will neither remain in the system nor adhere to the standards of dedication and service characteristic of career personnel. Turbulence caused by teacher turnover during the school year is unnecessarily increased, and such personnel also would not qualify for the benefits which this bill seeks to provide.

We therefore recommend that funding be immediately appropriated for the establishment of a register by the Civil Service Commission and the DoD encompassing overseas teachers for the upcoming school year. Certainly the supply of qualified professionals is more than ample, and many would welcome the opportunity to pursue a career in the Federal service. Overseas local hires who are also temporary employees would be thereby freed from the double discrimination from which they now suffer.

One final point, in many foreign countries those Americans who have been admitted to residence for study and who take employment are deemed subject to the same tax laws as their own citizens. For this reason, a special problem exists concerning "local hire" American employees who are required to report their earnings and fringe benefits for tax purposes and who must pay import duties on PX and commissary purchases. We believe that this Bill might solve that problem, as is, but to be sure, we recommended that it be amended requiring the State Department to renegotiate its treaties so that these additional benefits be compensated, if possible, as non-taxable by foreign countries.

In conclusion, we strongly endorse H.R. 3698, and hope that its provisions can be extended to all locally hired overseas personnel. The suggestions we have made with regard to overseas teachers will benefit all those concerned with the quality of education available to the Department of Defense Overseas dependent schools; the teachers, the parents, but most of all, the children. As long as serious inequalities in allowances and benefits between groups of teachers continue to exist, and significant numbers of "temporary employees" are denied the opportunity to qualify for the competitive service, the morale, stability, and quality of the teaching workforce will continue to suffer.

STATEMENT OF RALPH ECKARD, FORMERLY A TEACHER AT FRANKFURT AMERICAN JUNIOR HIGH SCHOOL

"Local hire" is the pejorative which I bear. I have been a "local hire" since September, 1972,[1] but only with the dependent school system since February, 1976. I was employed in 1976 to fill a vacancy created by the departure of a military dependent to the United States. For the first time, in June, 1976, I was ter-

[1] Previous to February 1976, I was employed by PREP (Predischarge Education Program), a military high school completion program. This was under the control of USDESEA/DODDSEUR. In 1973 and 1974, both my wife and I had to resign in order to get rehired for the same job. Dependents of military personnel did not have to resign and received step increases in pay. Our resignations prevented us from getting a step increase in pay and a promise of a job as long as there was work. Congress in October 1976, cancelled the VA funding for this program. I must add that this program, PREP, was the most human educational experience within an institution that I have encountered. Classes were small, fifteen or less. Students were between seventeen and fifty years of age. I must add that if the stateside schools had ample funds to do the job correctly the first time, society would not have to play "catch-up" with its adult population. A teacher surplus is a misnomer. Classrooms in the lower grades, (1–7), should be built to hold no more than twenty students. Sure it will be costly but so was PREP and countless other adult education programs which emphasize reading and arithmetic. I have wandered from employment discrimination, but voices from the wilderness are not often heard. This wilderness I speak of is nothing more than that which exists outside of a conference room.

minated with no promise of reemployment in September. On the day before classes were to begin, I was rehired for the same job.

However, unknown to me, a new regulation lowered my salary two steps on the pay scale, an effective eight hundred dollar ($800) decrease per year. In February, 1976, I received credit for two (2) years of military service since I taught both before and after I was drafted. But since I was a "brand new employee" in the same school, with no lapse of actual teaching days, this new regulation decreed that I was to be reduced the two steps on the pay scale.

This June, 1977, I again have been terminated. My position was given to another DODDSEUR employee who was being transferred due to school population shifts. The major difference between the two terminations was that this year I had to undergo a change in status from SOFA to tourist, as this summer my wife also had no job with which I would be eligible to retain the limited privileges to which I had access.

Normally when a person undergoes a change in status at the request of his employer that person is given adequate time to outprocess and also directions or information as to what is required. I had neither. Two days was all that I had before my I.D. card expired; prior to that time the Superintendent's Office kept me dangling with non-committal answers concerning the possibility of being converted to full-time status. This is not much time to orchestrate the demands of two bureaucracies: the military and the German. These last days included a car inspection and repairs, (such as replacing American sealed beam headlights with German lights) and, since a tiny pockmark on a windshield which had been passed by four USAREUR inspections failed the German inspection and had to be replaced. As it turned out, I drove the car illegally for a day due to insufficient time to outprocess. My I.D. card expired on the last teacher work day, the day after the students' final day in school.

I was told by my principal that he was updating by DODDSEUR local hire file in Karlsruhe which might enable me to be hired elsewhere in Germany. I was not thrilled at another chance to scramble for nine months of employment with yet another opportunity for DODDSEUR to terminate me a third time.

My principal said that he had "complete satisfaction" with my job performance. "Complete satisfaction" for a year and a half doesn't bring anything but the unemployment line which by working overseas I had been able to avoid stateside. Of course in Europe there is no unemployment line for me to join, and so I don't expect that I will be added to the nation's unemployment rolls. But I may return to the states sooner than I expected.

I have never been able to reach even the status of a "Half-Dac." The efforts of the Half-Dacs have my complete sympathy, but as of yet, I am not eligible for the still second-class benefits which they receive: i.e., a chance to buy into a group health insurance plan.

In summation, the term "local hire" means a badge of discrimination. Job security hangs on changing regulations or their changing interpretations. This badge implies that one who is the last to be hired will also be the last on the receiving line for benefits for the same amount of work done by other employees. It also carries the stipulation that a local hire is to be the first fired even though they have done their duties to the "complete satisfaction" of their superiors.

Writing such a statement brings to mind other injustices such as the yellow "Juden-star" worn as a label of inferiority during the Third Reich. Possibly the local hire teacher should be required to wear a badge to signify to all that he is a second-class employee. He isn't treated equally by DODDSEUR and so why should students be expected to treat such teachers equally? Is DODDSEUR afraid to openly admit their discriminatory policies? Why aren't they proud of their several layered tier of employees?

STATEMENT OF JOHN COSGROVE, LEGISLATIVE DIRECTOR, PUBLIC EMPLOYEE DEPARTMENT, AFL–CIO

This statement is submitted on behalf of the Public Employee Department of the AFL–CIO which is composed of 29 national unions which have affiliated over a million-and-one-half public employees, in all states.

We strongly endorse the testimony being delivered today by Carl J. Megel, Co-Director of Legislation of the American Federation of Teachers, one of our affiliates.

The overseas teachers face many sp ial problems. At the same time, they play a vital role in providing the overseas educational programs which are so necesary. Representatives of the Overseas Teachers will detail some of the specific problems they face and rectifying legislation which they, and we, support.

We would urge that these teachers be treated as part of the federal government workforce, even though under PL AD86-91 there is ambiguity as to the personnel polices and practices which cover them. There is no reason by their salary scale should lag behind others working for the federal government or why they should be denied promotion possibilities, adequate supplies and facilities for teaching and paid holidays.

The Overseas School System should be comparable in educational quality to the best systems within the United States. The places from which they were hired is not relevant. Discrimination against locally recruited teachers, as within the European Region, violates the basic princple of fair and equal treatment. These questions should be determined by collective bargaining and/or federal law and should in no case be up to the arbitrary decision of the Department of Defense or other administrative officials. There should be equal opportunity employment under Title VII, the Civil Rights Act of 1964 should be obeyed and the Equal Pay Act of 1963 should be adhered to.

There is no reason for denial to locally hired teachers of living quarter allowances, PX privileges, or other opportunities and rights.

We feel confident that this Subcommittee and the Congress agree with us that serious questions of equity are raised with regard to the overseas teachers. The public interest and quality overseas education are clearly involved. For these reasons we commend the testimony of the American Federation of Teachers to your careful scrutiny and also commend this Committee for directing attention to these questions.

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